



To the Honorable Council
City of Norfolk, Virginia

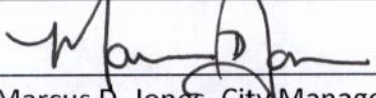
July 21, 2015

From: Charles E. Rigney, Director
Department of Development

Subject: Authorization of the
Expenditure of Funds for the
Purchase of Property on
Northampton Boulevard

Reviewed: 
Ronald H. Williams, Jr., Deputy City Manager

Ward/Superward: 4/7

Approved: 
Marcus D. Jones, City Manager

Item Number: **R-7**

- I. **Recommendation:** Adopt Ordinance
- II. **Applicant:** City of Norfolk and Economic Development Authority of the City of Norfolk
- III. **Description:**

This agenda item is an Ordinance authorizing the expenditure of funds and the transfer of such funds to the Economic Development Authority of the City of Norfolk ("EDA") to enable it to carry out its obligations under that certain Purchase Agreement, dated November 12, 2013, with Simon Acquisition II, LLC ("Simon") for the purchase of a portion of the property known as Lake Wright Golf Course on Northampton Boulevard.

IV. **Analysis:**

The EDA and Simon entered into that certain Purchase Agreement dated November 12, 2013, as amended, wherein the EDA agreed to sell and Simon agreed to purchase approximately 51 acres of real property known as Lake Wright Golf Course. Pursuant to the Purchase Agreement, Simon has agreed to pursue the development of an approximately 350,000 square foot gross leasable area shopping center on the property. Pursuant to the terms of the Purchase Agreement, the EDA has agreed to take on certain obligations with respect to development of the Property, subject to contribution from the City toward the cost of such obligations.

The City and the EDA entered into that certain Cooperation Agreement dated as of July 28, 2014 to wherein the City agreed to provide funds to enable the EDA to carry out its obligations under the Purchase agreement.

V. Financial Impact

Pursuant to Section 6 of the Cooperation Agreement, the City agreed to provide funds to the EDA to enable it to satisfy its obligations under the Purchase Agreement.

VI. Environmental

There are no known environmental issues.

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This letter has been coordinated with the Department of Development and the City Attorney's office.

Supporting Material from the City Attorney's Office and the Department of Development:

- Ordinance
- Cooperation Agreement

7/13/15 - mr

Form and Correctness Approved:

By Richard G. Fox
Office of the City Attorney

Contents Approved:

By Am Lm
DEPT.

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ 250,000.00 4000-2-3174-5501
Christine M. Mansbach Account 7/15/15 FY13
Director of Finance Date

NORFOLK, VIRGINIA

ORDINANCE No.

AN ORDINANCE AUTHORIZING THE EXPENDITURE OF FUNDS HERETOFORE APPROPRIATED TO THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK TO ENABLE IT TO CARRY OUT ITS OBLIGATIONS UNDER THAT CERTAIN PURCHASE AGREEMENT, DATED NOVEMBER 12, 2013, WITH SIMON ACQUISITION II, LLC, FOR A PORTION OF THE PROPERTY KNOWN AS LAKE WRIGHT GOLF COURSE ON NORTHAMPTON BOULEVARD.

- - -

WHEREAS, the Economic Development Authority of the City of Norfolk (the "EDA") and Simon Acquisition II, LLC ("Simon") entered into that certain Purchase Agreement, dated November 12, 2013, as amended (the "Purchase Agreement"), wherein the EDA agreed to sell and Simon agreed to purchase approximately 51 acres, more or less, comprising a portion of Lake Wright Golf Course and located in the City of Norfolk and the City of Virginia Beach (the "Property"); and

WHEREAS, pursuant to the Purchase Agreement, Simon has agreed to pursue the development of an approximately 350,000 square foot gross leasable area shopping center on the Property; and

WHEREAS, pursuant to the terms of the Purchase Agreement, the EDA has agreed to take on certain obligations with

respect to development of the Property, subject to contribution from the City toward the cost of such obligations; and

WHEREAS, the City and the EDA entered into that certain Cooperation Agreement dated as of July 28, 2014 (the "Cooperation Agreement"), a copy of which is attached hereto as Exhibit A, to set forth the terms and conditions upon which the City would provide funds to the EDA to enable the EDA to carry out its obligations under the Purchase Agreement; and

WHEREAS, pursuant to Section 6 of the Cooperation Agreement, the City wishes to transfer funds to the EDA to enable the EDA to satisfy its obligations under the Purchase Agreement; now, therefore

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That pursuant to the terms and conditions of Section 6 of the Cooperation Agreement, wherein the City agreed to provide funds to the EDA to satisfy its obligations under the Purchase Agreement, funds in the amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) heretofore appropriated are hereby authorized for expenditure by the City Manager for the purposes set forth in the Cooperation Agreement and such funds shall be transferred by the City Manager to the EDA for the purposes set forth in the Cooperation Agreement.

Section 2:- That this ordinance shall be in effect from and after the date of its adoption.

COOPERATION AGREEMENT

(EDA – City of Norfolk; Simon Outlet Center)

THIS COOPERATION AGREEMENT (“Cooperation Agreement”) is made and entered into as of the 28th day of July, 2014, by and between the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK**, a duly organized and existing body corporate and politic constituting a political subdivision of the Commonwealth of Virginia (the “EDA”), and the **CITY OF NORFOLK, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the “City”).

RECITALS

WHEREAS, pursuant to the terms of that certain Real Estate Purchase Agreement, made and entered into as of November 12, 2013, as amended, between Simon Acquisition II, LLC (“Simon”), and the EDA, a copy of which is attached hereto as Exhibit “A” (the “Purchase Agreement”), Simon agreed to purchase and the EDA agreed to sell certain real property consisting of approximately 51 acres, more or less, comprising a portion of the Lake Wright Golf Course (“LWGC”), and located in the cities of Norfolk and Virginia Beach, as more particularly described in the Purchase Agreement (the “Property”);

WHEREAS, pursuant to the Purchase Agreement, Simon has agreed to pursue the development of an approximately 350,000 (expandable to 450,000) square foot gross leasable area shopping center on the Property (the “Project”);

WHEREAS, pursuant to the terms of the Purchase Agreement, the EDA has agreed to take on certain financial obligations with respect to development of the Project, subject to contribution from the City toward the cost of such obligations;

WHEREAS, the EDA is currently in negotiations to sell a separate parcel of real property consisting of approximately thirty (30) acres, more or less, also comprising a portion of the LWGC, in the immediate vicinity of the Property (the “Phase II Parcel”);

WHEREAS, certain portions of the LWGC located in the City are intended to be preserved as open space and for the protection of Lake Wright as an essential part of the City’s water supply, and since those purposes are not part of the EDA’s core mission, such land should be transferred by the EDA to the City to own, operate and manage;

WHEREAS, another portion of the LWGC located in the City is intended to be developed as a regional retention basin (the “Regional Retention Basin”), serving the Project and potentially also serving the Phase II Parcel, but which will be constructed (but not owned) by Simon at Simon’s initial cost, subject to Simon being entitled to be reimbursed for a pro rata share of such cost from any other property owners (including a future owner of the Phase II Parcel) using the Regional Retention Basin, and since storm water management is also not part of the EDA’s core mission, once the Regional Retention Basin has been constructed by Simon and accepted by the City or the City of Virginia Beach as properly completed, it is desirable that the Regional Retention Basin

and the immediately surrounding land be transferred by the EDA to the City or the City of Virginia Beach to own, operate and manage; and

WHEREAS, the City and the EDA desire to set forth the terms and conditions upon which the City will provide funds to the EDA to enable it to carry out its obligations under the Purchase Agreement and the general obligations of the parties with respect to development of the Property in accordance with the terms of the Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the public benefits to accrue to the City and its citizens from the undertaking and carrying out of the Project, and of the mutual covenants hereinafter set forth, the EDA and the City hereby agree as follows:

1. Parties to Perform Their Obligations. The EDA and the City agree to take all actions reasonably necessary to fully perform the duties and obligations incumbent on them as set forth in (a) the Purchase Agreement, with respect to the EDA, and (b) this Cooperation Agreement, with respect to both the City and the EDA, in order to assure the timely commencement, completion, and operation of the Project.

2. Cooperation by City and EDA Personnel. The City and the EDA agree to make their respective personnel available to either party in such manner as may be mutually determined to be in the best interest of furthering expeditious and effective commencement, completion, and operation of the Project. Provided that applications submitted by the EDA or Simon for rezoning, site plan approval and construction permits of or for the Project comply with all applicable requirements, the City agrees to process such applications as expeditiously as feasible within the bounds of applicable law, ordinances, regulations and codes. The City also agrees, if asked by Simon, to provide guidance to Simon in complying with its obligations under Section 17.1 of the Purchase Agreement.

3. Intentionally Omitted.

4. EDA to Perform its Obligations; Reports to City. With regard to the rights, duties and obligations of the EDA under the Purchase Agreement, the EDA agrees to fully enforce its rights, to faithfully perform its duties and obligations thereunder, and to keep the City regularly and fully informed as to its activities; provided, however, the City acknowledges that due to the "fast track" nature of the Project's development, agreements such as the Purchase Agreement, agreements contemplated therein, and this Cooperation Agreement have been and are being drafted while many details of the Project remain uncertain. Consequently, the City consents to the EDA reserving the right, upon request from Simon or its representatives, to grant (a) reasonable extensions of time for Simon to comply with its obligations under the Purchase Agreement and other agreements contemplated thereby and (b) reasonable waivers of Simon's contractual obligations to the EDA (which clause (b) is expressly agreed to preclude the EDA waiving any statutory, regulatory or administrative obligations imposed on Simon by any law, ordinance, regulation or code). The EDA

shall regularly report on its progress with respect to undertaking and carrying out the responsibilities of the EDA under the Purchase Agreement (including reporting on any extensions or waivers granted) and shall provide to the City copies of all plans, studies, contracts and agreements in its possession related to the Project.

5. Golf Course Operations. In order to allow Simon to cause the relocation of fiber optic or other underground cables or utilities on the Property in accordance with Section 8.1(P) of the Purchase Agreement (the "Relocation Work"), the City has allowed that certain Agreement between the City and Stumpy Lake Golf Course, Inc. ("SLGC"), dated April 19, 2004, as amended (the "LWGC Agreement"), as it pertains to the operation by SLGC of the golf course currently located on the Property (the "LWGC"), to expire as of June 30, 2014. The EDA then granted SLGC a license to continue to operate LWGC from July 1, 2014 until July 13, 2014, after which date it was expected the Relocation Work (defined in Section 6(a), below) would be ready to commence.

6. Development Costs. The parties acknowledge and agree that the EDA will incur certain development and transaction costs in connection with its obligations under the Purchase Agreement. Such costs are more particularly described below and are collectively referred to herein as "Development Costs." It is estimated that the Development Costs will be Twelve Million and 00/100 Dollars (\$12,000,000.00); provided, however, the parties agree that such figure is merely an estimate, and not a cap on the Development Costs, as the Development Costs will not be known until all the Development Costs have been bid and contracts therefor agreed to and awarded. It is anticipated that the Development Costs will be paid from the sources of funds and in accordance with the provisions set forth below:

(a) Two Million Five Hundred Thousand and 00/100 Dollars (\$2,500,000.00) will be appropriated by the City from the Wastewater Utility Fund of the City of Norfolk (the "Wastewater Funds"); provided, however, that the Wastewater Funds shall be accounted for separately and shall be disbursed only for the payment of costs pertaining to the collection, transportation and pumping of wastewater;

(b) The proceeds from the sale of the Property which are estimated to be Four Million Eight Hundred Forty-Five Thousand and 00/100 Dollars (\$4,845,000.00) but which will be adjusted to reflect the actual number of acres included in the final site plan for the Property (the "Phase I Proceeds");

(c) The net proceeds from the sale of the Phase II Parcel (the "Phase II Proceeds"); and

(d) The net proceeds from the sale of any remaining outparcels of LWGC (the "Outparcel Proceeds"); and

(e) If, after the application of the Wastewater Funds, the Phase I Proceeds, and any then available Phase II Proceeds or Outparcel Proceeds and any other funds received by the EDA for the Development Costs, the EDA lacks sufficient funds to pay the Development Costs as

and when due, it is anticipated that (i) the EDA and Simon will enter into a Grant Agreement (defined below) wherein Simon will agree to advance the balance of the Development Costs on behalf of the EDA and the EDA will agree to reimburse Simon therefor with annual grant payments calculated by multiplying (y) 100% of the assessed value of the Property for the respective fiscal year for which an annual payment will be made by (z) 1.15%, and adding to such product the amount of interest at an annual rate of four percent (4%) which shall have accrued and remains unpaid since the later of the Closing (as defined in the Purchase Agreement) or the most recent annual grant payment (all such payments being collectively the "Grant") and (ii) subject to appropriation, the City will pay to the EDA the amounts necessary to make the required payments to Simon under the Grant Agreement. The Grant Agreement shall be substantially in the form attached hereto as Exhibit B, with such changes thereto as may be approved by the City Manager as necessary to carry out the intent of City Council as expressed herein (the "Grant Agreement"). The City shall cooperate with the EDA to provide the funds necessary to meet its obligations for the repayment of any remaining Development Costs to Simon pursuant to the Grant Agreement.

Prior to the EDA's receipt of the funds described in Subsections 6(a)-(c), above, for payment of the Development Costs, the EDA may be required to advance EDA Funds (as hereinafter defined) for a portion of the Development Costs, but the EDA shall not be required to advance any EDA Funds for Development Costs after its receipt of the Phase II Proceeds. In no event shall the EDA be required to advance more than Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) to satisfy the Development Costs at any one time. "EDA Funds" shall mean all funds of the EDA in excess of such of the amounts set forth in Subsections 6(a) through (e), above, as have at the time been received by the EDA, as well as any other funds as have at the time been received by the EDA for the Development Costs.

At any time at which the EDA has advanced Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) of unreimbursed EDA Funds for Development Costs, the City shall take steps to provide sufficient funds to satisfy any remaining Development Costs. Development Costs shall include the following:

(i) Relocation Work. Pursuant to Section 8.1(P) of the Purchase Agreement, the EDA agreed to reimburse Simon for the Relocation Work (the "Relocation Costs").

(ii) Regional Retention Basin. Pursuant to Section 1.1 of the Purchase Agreement, Simon, at Simon's sole cost and expense, has agreed to construct the Regional Retention Basin on land made available by the EDA to serve the storm water drainage requirements of the Project, including the roadway to be constructed as part of the Project; provided, however, if the Regional Retention Basin serves or is designed to serve land other than the Property, the EDA has agreed to reimburse Simon for the pro-rata share of the costs of constructing the Regional Retention Basin, based on the ratio of the parcels of land served thereby (the "Regional Retention Basin Cost Share"). The parties agree that the amount of any such Regional Retention Basin Cost Share shall be subject to prior review and approval by the City before any agreement is entered into with Simon with respect thereto and that the agreed upon amount of such Regional Retention Basin Cost Share shall be Development Costs and paid to Simon at Closing as a disbursement from the Proceeds or

pursuant to the Grant Agreement. The EDA agrees to make commercially reasonable efforts to offset the amount of any Regional Retention Basin Cost Share by including provisions that require contribution to the costs of construction and maintenance of the Regional Retention Basin in any agreement for the purchase of the remaining portions of LWGC, including, without limitation, the Phase II Parcel.

(iii) Infrastructure. Pursuant to Section 2.1(B) of the Purchase Agreement, the EDA and Simon agreed to enter into an agreement (the "Infrastructure Agreement") setting forth the terms under which Simon will construct certain improvements on the Property, which improvements are listed in Exhibit D to the Purchase Agreement (the "Infrastructure"), and the terms upon which Simon will be reimbursed by the EDA for the costs incurred by Simon in completing the Infrastructure (the "Infrastructure Costs"). The parties agree that the amount of any such Infrastructure Costs shall be subject to prior review and approval by the City before any Infrastructure Agreement is entered into with Simon with respect thereto. The City agrees to request a grant from the Commonwealth of Virginia's Transportation Partnership Opportunity Fund (the "TPOF Grant") to pay for a portion of the cost of the building the roadway from Northampton Boulevard to the Project (the "Connector Road"). If the TPOF Grant is received by the City, then upon its payment, it shall be delivered to the EDA for application to the payment of the Development Costs as follows: (A) if the TPOF Grant is received before Closing, it shall become part of the "Pre-Funded Amount" and reduce the "Maximum Aggregate Principal Amount of the Grant" (as such terms are defined in the Grant Agreement) accordingly; and (B) if the TPOF Grant is received after Closing, it shall be applied as a prepayment of the Grant.

(d) EDA Transaction Costs. The City acknowledges and agrees that the EDA will incur transaction costs in connection with the transaction contemplated by the Purchase Agreement and its funding of the Development Costs set forth in the three preceding Subsections, so that in addition to the other Development Costs described above, the EDA shall also be reimbursed for those transaction costs expressly set forth in Exhibit "C" attached hereto and made a part hereof (the "Reimbursable EDA Transaction Costs").

7. Remaining Funds. All net Phase II Proceeds remaining after the EDA has satisfied its obligations with respect to the Development Costs and any obligations incurred with respect to the Phase II Parcel shall be paid to the City within ten (10) business days after the later of (a) the closing on the sale of the Phase II Parcel and (b) the lien-free completion of and payment for all of any infrastructure work relating to development on the two properties the payment for which the EDA is responsible. The EDA acknowledges and agrees that without an amendment to this Agreement, the City will not fund costs other than those Development Costs identified herein. Any proceeds resulting from the sale, lease, or other transfer of any Outparcel (after the Development Costs have been paid in full) shall be paid to the City within ten (10) business days after closing thereon or as otherwise agreed to in writing by the parties hereto.

8. Environmental. To the extent permitted by law, and without waiving its sovereign immunity, the City shall be responsible for the performance of and payment for any environmental or wetlands investigations, remediation, negotiations, mitigation and litigation on

account of any actual or alleged environmental contamination or wetlands on the Property arising prior to the transfer of the Property by the Norfolk Redevelopment and Housing Authority to the EDA or otherwise arising solely as a result of the operation of LWGC.

9. Transfers of Land. The EDA agrees to convey, and subject to the EDA's compliance with applicable laws, ordinances, regulations and codes governing the acceptance of real estate conveyances by the City, the City agrees to accept conveyance of, the following portions of LWGC:

(a) Lake Wright Buffer Zone. The EDA shall convey to the City, by special warranty deed, those portions of the LWGC (i) currently constituting golf course holes 1, 7, 8 and 9, and (ii) lying between the Project and Lake Wright and designated on Exhibit A-1 of the Purchase Agreement as "existing forest," and to protect Lake Wright as an essential part of the City's water supply. The parties acknowledge and agree that a buffer zone shall be preserved around the entire circumference of the Lake between the boundary of the Property and the top of the Lake Wright bank slope and such buffer shall be at least twenty-five feet from the top of the Lake Wright bank slope or the width of the existing vegetative buffer, whichever is greater; provided, however, that the width of the buffer zone may be reduced with the City's consent in its sole discretion.

(b) The Regional Retention Basin. The EDA, after imposing non-exclusive drainage and other easements for the benefit of the Project as required under the Purchase Agreement, shall convey to the City or the City of Virginia Beach, by special warranty deed, the portion of the LWGC located in the City which was designated on Exhibit A-1 of the Purchase Agreement as the "Regional Retention Basin" and the immediately surrounding land, or, upon final site plan approval by the City, such other parcel of land on which the Regional Retention Basin is located, whereupon the City or the City of Virginia Beach shall own, operate and manage such land as public land for the benefit of the citizens of Norfolk and/or Virginia Beach and, if additional portions of the LWGC are also granted the right to drain storm water into the Regional Retention Basin, subject also to the Regional Retention Basin Cost Share described above.

(c) The Connector Road. The EDA shall convey the Connector Road and any Connector Road buffer zone land north and east of the Connector Road to the City, by special warranty deed, if no agreement is reached with Simon or the City of Virginia Beach for Simon or the City of Virginia Beach to take title to the Connector Road and Connector Road buffer zone land.

10. Indemnification. To the extent permitted by law, and without waiving their sovereign immunity, the Parties shall be responsible to one another for any and all damages to persons or property caused by, resulting from, or arising out of any gross negligence or intentional wrongdoing on the part of the Party, its contractors, subcontractors, agents or employees under or in connection with this Cooperation Agreement.

11. Limited Liability of EDA. It is the intent of the parties that this Cooperation Agreement shall not impose upon the EDA any financial responsibility other than that which is expressly set forth in the Purchase Agreement.

12. Non-Discrimination. In carrying out this Cooperation Agreement, the EDA and the City agree not to discriminate in carrying out this Cooperation Agreement, against any employee or applicant for employment because of race, color, religion, sex, age or national origin and agree to take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to race, color, religion, sex, age or national origin. Such action shall include, but not be limited to employment, promotion, demotion, termination, rates of pay, other compensation, and selection for training including apprenticeship.

13. Applicable Law. This Cooperation Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia. In the event of litigation hereunder, venue shall be in the Circuit Court of the City of Norfolk.

14. Notices. All notices or other communications required or desired to be given with respect to this Cooperation Agreement shall be in writing and shall be delivered by hand or by courier service, sent by registered or certified mail, return receipt requested, bearing adequate postage, or by reputable overnight carrier (such as Federal Express) and properly addressed as provided below. Each notice given by mail or overnight carrier shall be deemed to be given by the sender when received or refused by the Party intended to receive such notice; each notice delivered by hand or by courier service shall be deemed to have been given and received when actually received by the Party intended to receive such notice or when such Party refuses to accept delivery of such notice. Upon a change of address by either Party, such Party shall give written notice of such change to the other Party in accordance with the foregoing. Inability to deliver because of changed address or status of which no notice was given shall be deemed to be receipt of the notice sent, effective as of the date such notice would otherwise have been received.

If to the EDA:

Economic Development Authority of the City of Norfolk
500 East Main Street, Suite 1500
Norfolk, VA 23510
Attention: Executive Director

With a copy to:

Williams Mullen
999 Waterside Drive, Suite 1700
Norfolk, VA 23510
Attention: William L. Nusbaum, Esq.

If to the City:

City of Norfolk, Virginia
City Manager's Office
1101 City Hall Building
810 Union Street
Norfolk, Virginia 23510
Attention: City Manager

With a copy to:

City of Norfolk, Virginia
Department of Law
810 Union Street, Suite 900
Norfolk, Virginia 23510
Attention: City Attorney

15. Binding on Successors in Interest. This Cooperation Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Cooperation Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.

16. Entire Agreement. This Cooperation Agreement constitutes the final, complete and exclusive written expression of the intents of the parties with respect to the subject matter hereof which will supersede all previous communications, representations, agreements, promises or statements.

17. Severability. If any one or more of the provisions contained in this Cooperation Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Cooperation Agreement shall be construed as if such invalid, illegal or unenforceable provision was not contained herein.

18. Amendment, Modification, Alteration. No amendment, modification or alteration of the terms of this Cooperation Agreement shall be binding unless in writing, dated subsequent to the date hereon and duly executed by the parties herein.

19. Headings. The titles of articles and sections of this Cooperation Agreement are for reference purposes only and shall be of no binding effect.

20. Waiver. The waiver by either party of any default or breach by the other party of any of the provisions of this Cooperation Agreement shall not be deemed a continuing waiver or waiver of any other breach by the other party of the same or another provision of this Cooperation Agreement.

21. Compliance with Laws. The parties shall comply with all applicable laws, ordinances and regulations with regard to any work, use, construction, and operation done or conducted with regard to this Cooperation Agreement.

22. Rights and Remedies Cumulative. The rights and remedies provided by this Cooperation Agreement are cumulative and the use of any right or remedy by either party shall not preclude or waive its rights to use any and all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

23. Appropriation of Funds. This Cooperation Agreement is subject to the appropriation of funds by the City Council of the City of Norfolk. Two Million Five Hundred Thousand and 00/100 Dollars (\$2,500,000.00) is hereby appropriated from the Wastewater Utility Fund of the City of Norfolk for wastewater improvements. No other amounts have been appropriated, and, unless and until such appropriation, the City is without further funding obligation. It is the hope of the parties that the Phase I Proceeds and the Phase II Proceeds, plus the aforesaid appropriated funds, will exceed the EDA's Development Costs, in which event any excess proceeds will be paid to the City.

24. Authority to Execute Agreement. Each party represents that it has obtained all necessary approvals, consents and authorizations to enter into this Cooperation Agreement and to perform its duties under this Cooperation Agreement; the person executing this Cooperation Agreement on its behalf has the authority to do so; upon execution and delivery of this Cooperation Agreement by the parties, it is a valid and binding contract, enforceable in accordance with its terms; and the execution, delivery, and performance of this Cooperation Agreement does not violate any bylaw, charter, regulation, law or other governing authority of the party.

25. Counterparts. This Cooperation Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single document.

26. No Third Party Beneficiaries. This Cooperation Agreement is intended solely for the benefit of the parties hereto. This Cooperation Agreement is not intended and shall not be construed to benefit or create any rights for any third party, including, without limitation, Simon or its lender, if any. It is the express intent of the parties hereto that there be no third party beneficiaries hereof.

27. Discrepancy. In the event of any conflict or discrepancy between the foregoing provisions of this Cooperation Agreement and any provisions of the Purchase Agreement, the provisions of this Cooperation Agreement shall prevail with respect to the obligations of the City.

[SIGNATURE PAGES FOLLOW.]

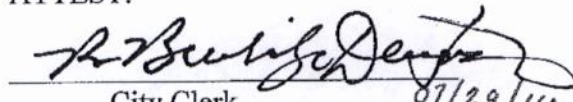
WITNESS the execution of this Cooperation Agreement (EDA – City of Norfolk; Simon Outlet Center) by the duly authorized officials of the City and the EDA as of the day and year first set forth above.

CITY OF NORFOLK

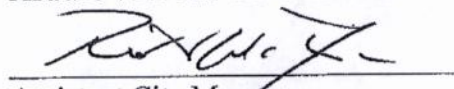
By:


City Manager

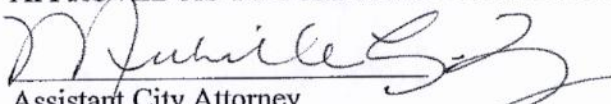
ATTEST:


City Clerk 07/29/14

APPROVED AS TO CONTENTS:


Assistant City Manager

APPROVED AS TO FORM AND CORRECTNESS:


Assistant City Attorney

[SIGNATURE PAGES CONTINUE ON NEXT PAGE]

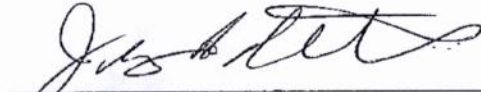
[CONTINUATION OF SIGNATURE PAGES TO COOPERATION AGREEMENT
(EDA - CITY OF NORFOLK; SIMON OUTLET CENTER)]

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK


By:

Name:

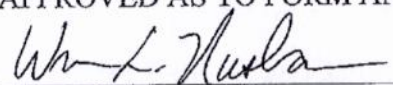
Title:


JERRY B. ROBERTSON
CHAIRMAN

APPROVED AS TO CONTENTS:


Executive Director, Economic Development
Authority of the City of Norfolk

APPROVED AS TO FORM AND CORRECTNESS:


Counsel to the Economic Development
Authority of the City of Norfolk

CERTIFICATE OF FUNDING

I hereby certify that the money required for the obligations of the City of Norfolk under Cooperation Agreement is in the City Treasury to the credit of the fund from which it is to be drawn and not appropriated for any other purpose.

Account: 500 5622 708
5200 34 ~~500 5622 708~~

Amount: \$ 2,500,000.00

Contract No. _____

Vendor Code: _____

Business License No.: _____

Alan M. Kelly 7/25/14
Director of Finance Date

✓ M60

Exhibit "A"
Purchase Agreement

(See attached Purchase Agreement.)

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT ("Agreement") is made and entered into as of the day the last party executes this Agreement (the "Effective Date"), by and between SIMON ACQUISITION II, LLC, a Delaware limited liability company, or its designee ("Purchaser") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK ("Seller").

In consideration of the mutual covenants, agreements, representations and warranties set forth in this Agreement, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

SALE AND PURCHASE

1.1 Purchase and Sale of Property. Seller is the owner of certain contiguous property located at Interstate 64 at Northampton Blvd., in the Cities of Norfolk and Virginia Beach, Virginia, containing approximately 54± acres of land and generally located as shown on the drawing entitled "Conceptual Site Plan for Proposed Premium Outlets, Norfolk, Virginia" dated October 2, 2013, a copy of which is attached hereto as Exhibit A-1¹ less the area denominated as "Existing Forest" as shown on Exhibit A-1 (the "Parcel"). For the avoidance of doubt, due to the exclusion of the approximate 3± acre area shown on Exhibit A-1 as "EXISTING FOREST" from the Parcel, the resulting acreage of the Parcel is expected to be approximately 51± acres. Prior to the expiration of the Feasibility Period, as hereinafter defined, Purchaser shall prepare a survey and description of the Parcel, and such description shall be annexed to this Agreement by the parties as Exhibit A-2. Seller does hereby agree to sell, convey, and assign unto Purchaser, and Purchaser does hereby agree to purchase from Seller, in fee simple, the Parcel, together with all rights of ingress and egress, all rights, alleys and rights-of-way adjacent to such Parcel, all other rights and easements appurtenant to the Parcel, all governmental permits, approvals, and permissions relating to the Parcel and all right, title and interest of Seller in and to any condemnation award made or payments to be made in lieu thereof or in and to any condemnation award for damage to the Parcel by reason of change of grade of any street on or after the date hereof. In addition, Seller will make available on other land of Seller sufficient land area on which to locate a regional retention basin adequate to serve stormwater drainage requirements for the Project and Wesleyan Drive Extended and, if elected by Seller, other land of Seller (the "Regional Retention Basin"). The Regional Retention Basin shall be generally located as shown on Exhibit A-1. The cost of construction of any Regional Retention Basin shall be an expense of the Project and borne by Purchaser except as provided in the next sentence; however, Seller shall not make any charge for the value of the land devoted to such Regional Retention Basin. In the event the Regional Retention Basin serves or is designed to serve land other than the Project and Wesleyan Drive Extended, which Seller reserves the right to do, Purchaser shall be reimbursed by Seller for that other land's pro rata share of the cost of construction of such combined

¹ Note: The approximate site area shown on Exhibit A-1 includes approximately 5.2 acres owned by others that is outlined and cross-hatched in "red" on the Exhibit. Those 5.2 acres are not part of Seller's 54±/- acres and thus are not being sold under this Agreement.

Regional Retention Basin based on the ratio of the land served thereby. Seller shall convey a non-exclusive drainage and other easements with respect to the Regional Retention Basin as a part of the conveyance of the Parcel to Purchaser, free and clear of any liens and encumbrances that adversely affect the Project's use of such Regional Retention Basin, and at no additional charge to Purchaser for such conveyance (the term "Property" refers to the Parcel and all appurtenant rights described above).

1.2 CC&Rs. As part of the transaction contemplated by this Agreement, Seller shall execute and record a Declaration of Covenants, Conditions and Restrictions to impose certain use restrictions relating to competing uses and noxious uses on that portion of Seller's Entire Parcel exclusive of the Property in the form annexed hereto as Exhibit B.

ARTICLE II

PURCHASE PRICE; EARNEST MONEY

2.1 Total Purchase Price.

A. The price to be paid for the Property (the "Purchase Price") shall be NINETY FIVE THOUSAND and NO/100 DOLLARS (\$95,000.00) per acre or pro rata part thereof. The Purchase Price is estimated to be FOUR MILLION, EIGHT HUNDRED FORTY FIVE THOUSAND DOLLARS (\$4,845,000.00). Upon completion of the Survey and certification of the Survey to Purchaser and Seller, the parties shall compute the actual Purchase Price based on the rate per acre and the exact number of acres. For the avoidance of doubt, the area devoted to the area denominated as "existing forest" as shown on Exhibit A-1 will not be included in the Property nor the Purchase Price.

B. Notwithstanding Section 2.1.A, the parties shall mutually agree within 90 days after the Effective Date (the "Option Exercise Date"), that either: (1) the Purchase Price may be reduced at Closing (hereinafter defined) by a credit in an amount equal to the cost of installing those general categories of Infrastructure listed on Exhibit D (collectively, the "Infrastructure"), provided that to obtain such credit, Purchaser will have to post a bond in favor of Seller in the amount of the cost of installing such Infrastructure, which bond (a) may be reduced on a monthly basis upon Purchaser providing Seller with evidence reasonably satisfactory to Seller of Purchaser's installation of the most recent portion (or the final portion) of the Infrastructure and Purchaser's payment of all costs associated therewith, and (b) may be called by Seller if Purchaser defaults in its timely performance of its obligations in the installation of the Infrastructure; or (2) the Purchase Price shall not be reduced to account for Purchaser's obligation to install the Infrastructure, the Purchaser shall nonetheless be obligated to install the Infrastructure, and then, following the completion of the installation of the Infrastructure in accordance with Seller's specifications on Exhibit D and the opening of at least eighty (80%) percent (80%) of the gross leasable area of the retail shops being constructed by Purchaser on the Property, Purchaser shall be eligible to receive payments from Seller in the form of a "performance based grant" wherein, after the confirmation by audit by the City of Norfolk of the payment of all the retail sales taxes payable by said retail shops and subject to appropriation and funding by the City of Norfolk to Seller, Seller would pay as a grant to Purchaser a maximum annual sum (to be determined by the parties by the Option Exercise Date),

until the aggregate amount of such grants equaled the cost of installing the Infrastructure, at which point the grants would cease; or (3) the Seller shall deliver to Purchaser a commitment from the City of Norfolk to pay for, or to repay Purchaser for, the cost of the Infrastructure over a term of years, on conditions and terms reasonably acceptable to Purchaser. The foregoing description of the options are intended by the parties to be brief summaries of the parties' options, and the parties agree to negotiate in good faith and enter into an amendment to this Agreement by no later than the Option Exercise Date in which they will more fully detail the terms of the option thus exercised and substitute for Exhibit D an agreement ("Infrastructure Agreement") that sets forth the detailed scope of work for the Infrastructure, the parties' responsibilities to install the Infrastructure and if Purchaser is responsible for installing the Infrastructure the Purchaser's obligation to deliver all necessary certificates of insurance, construction-related permits and other deliverables prior to commencement of construction thereof.

2.2 Earnest Money. Upon execution of this Agreement by Seller and Purchaser, Purchaser shall deposit the sum of ONE HUNDRED THOUSAND and NO/100 Dollars (\$100,000.00) (the "Earnest Money") in escrow (the "Escrow") established with Chicago Title Insurance Company (the "Escrow Agent") in accordance with escrow instructions in the form attached as Exhibit C. The Earnest Money shall be invested in a money market fund or in such other FDIC insured investment instrument or account designated by Purchaser. At the Closing (as defined in Article IV), the Earnest Money, together with all accrued interest, shall be returned to Purchaser or, at Purchaser's direction, credited to the Purchase Price.

ARTICLE III

FEASIBILITY PERIOD

3.1 Feasibility Period. This Agreement shall be contingent upon the satisfactory inspection of the Property by Purchaser, in its sole and absolute discretion and judgment, during the period commencing on the Effective Date and ending 180 days thereafter, as the same may be extended pursuant to Section 3.3 (the "Feasibility Period"); provided, however, that the Feasibility Period shall be extended on a day-for-day basis in the event of any delays by Seller in its delivery of any documents and instruments required to be delivered by Seller under this Agreement.

3.2 Tests; Permits. During the Feasibility Period, Purchaser shall have the right (i) to physically inspect the condition of the Property, (ii) to conduct various tests with respect to the Property including, but not limited to, analysis of soil, wetlands, topography, and Infrastructure; (iii) to obtain a Phase I Environmental Assessment which may include a detailed physical inspection of the Property for the presence of Hazardous Materials (as hereafter defined) or storage tanks, and may include a complete documentary review of the Property, including but not limited to, all applicable permits, environmental spill or upset records and filings from all state and local agencies, interview and other obtainable federal, state or local records; (iv) to pursue all necessary permits, zoning, environmental approvals and other entitlements that may be required for construction and operation of a shopping or other commercial center and related ancillary and associated infrastructure improvements; (v) to otherwise determine the feasibility (economic or otherwise) of the acquisition, ownership, development, and operation of the

Property, and (vi) to obtain a Title Commitment and Survey for the Property. Seller shall cooperate fully with Purchaser and Purchaser's agents, employees, and representatives in connection with Purchaser's inspections, tests, surveys, and studies of the Property. Purchaser shall indemnify Seller against any and all actions, claims, demands and damages asserted against the Property or against Seller for damage to person or property caused by Purchaser's entry upon the Property, Purchaser's studies and Purchaser's inspections. Purchaser shall restore any damage caused by its inspections. Notwithstanding anything contained in this Agreement to the contrary, any indemnification contained in this Section does not include indemnification for loss, cost or expense (including attorney's fees) resulting from any unfavorable test results or the discovery of any undesirable existing conditions on the Property, including, without limitation, any loss resulting from any decrease in the fair market value of all or any portion of the Property or the inability of Seller to market the Property due to any such discovery or unfavorable test results. Purchaser shall at all times during the Feasibility Period and all Extensions, as hereinafter defined, thereto maintain liability insurance in an amount not less than \$1,000,000.00 per occurrence and shall name Seller as additional insured.

3.3 Extension of Feasibility Period. Purchaser shall have the right and option in its sole and absolute discretion to extend the Feasibility Period to allow for four (4) additional periods of ninety (90) days each (each an "Extension", and collectively, the "Extensions") to secure all required governmental approvals, permits, zoning amendments, environmental entitlements and other entitlements necessary for its intended use of the Property. Each Extension shall each be exercised by Purchaser giving Seller no less than five (5) day's advance written notice and depositing an additional FIFTY THOUSAND and no/100 Dollars (\$50,000.00) of additional Earnest Money (the "Additional Earnest Money") into escrow. The Additional Earnest Money shall be non-refundable except in the case of Seller's breach, or if Purchaser terminates this Agreement because of the non-satisfaction of any of the conditions set forth in Section 12.1, but shall be applicable to the Purchase Price. The Feasibility Period, including any Extension thereof, is referred to hereafter as the "Feasibility Period."

3.4 Termination During Feasibility Period. At any time during the Feasibility Period, Purchaser, in Purchaser's sole and absolute discretion may for any reason or no reason, upon written notice to Seller, terminate this Agreement, in which event all of the rights, duties, and obligations of the parties shall immediately terminate, and this Agreement shall be null, void and of no further force or effect. If, in Purchaser's sole judgment and discretion, Purchaser decides that it does not wish to proceed with the purchase, Purchaser shall give Seller written notice of such fact on or before the end of the Feasibility Period. Upon termination, all Earnest Money and accrued interest shall be returned to Purchaser, excluding any Additional Earnest Money which is otherwise non-refundable pursuant to the provisions of Section 3.3 above. If Purchaser does not terminate prior to the end of the Feasibility Period, the Earnest Money shall become non-refundable, except in the case of Seller's breach or if Purchaser terminates because of the non-satisfaction of any of the conditions set forth in Section 12.1, but applicable to the Purchase Price, without further recourse to either party.

3.5 Failure to Terminate. In the event Purchaser does not notify Seller in writing, on or before the end of the Feasibility Period, of Purchaser's election to terminate this Agreement, Purchaser shall purchase the Property in accordance with and subject to the terms and conditions set forth in this Agreement.

ARTICLE IV

CLOSING

4.1 "Closing" Defined. The terms "Closing" shall mean the conveyance of the Property by special warranty deed to Purchaser, the payment of the Purchase Price to Seller, and the issuance to Purchaser of the title insurance policy described in Article VI.

4.2 Closing Date. The Closing shall take place on a date selected by Purchaser which shall be within thirty (30) days following the end of the Feasibility Period, provided that all conditions to Purchaser's obligation to close under this Agreement have either been satisfied or waived in writing.

4.3 Closing Procedure.

A. At the Closing, Seller shall (a) deliver to Purchaser, (b) deliver to the Escrow Agent, or (c) cause the Title Company to issue, as appropriate, the following, all in form and substance reasonably satisfactory to Purchaser:

(i) A special warranty deed in the customary Commonwealth of Virginia form, duly executed and acknowledged by Seller, conveying to Purchaser, or Purchaser's designee, good, marketable and indefeasible fee simple title to the Property, in proper form for recording and free and clear of all liens and encumbrances and subject only to the Permitted Title Exceptions. The deed shall describe the Parcel of the Property by reference to a duly recorded subdivision plat that shall have been prepared at Seller's expense and subject to Purchaser's approval in accordance with Section 8.1.M.

(ii) An affidavit executed by Seller, stating Seller's U. S. Taxpayer identification number and that Seller is not a "foreign person" (as defined under the Foreign Investment in Real Property Tax Act and the regulations promulgated thereunder) and that Purchaser is not required to withhold any portion of the Purchase Price under the provisions of such Act.

(iii) A certificate as to possession of the Parcel of the Property, payment for all services and improvements provided to the Parcel and any other information reasonably required by the title insurance company to issue its owner's title insurance policy without exception to matters customarily addressed by an owner's affidavit;

(iv) A completed Virginia Non-Resident Property Owner Exemption Certificate and/or Owner Registration, as applicable;

(v) The Roadway Installation Agreement duly executed by Purchaser and the City of Virginia Beach as contemplated by Section 12.1;

(vi) All such further instruments and documents as are normally made or delivered in connection with the sale of property similar to the Property in the city and state where the Property is located or as may be necessary, expedient, proper, or appropriate in the

reasonable opinion of Purchaser or Purchaser's counsel, in order to complete the transactions contemplated by this Agreement.

B. On the date of the Closing, and provided that all conditions precedent to Purchaser's obligations under this Agreement are satisfied, Purchaser shall deliver to the Escrow Agent, the amount of the Purchase Price (less credits, adjustments, and prorations in accordance with this Agreement) by wire transfer or other immediately available funds.

C. On the date of Closing, the Escrow Agent shall disburse the Purchase Price (as adjusted by prorations, adjustments and credits and Seller's closing costs) to Seller, and Seller shall deliver possession of the Property to Purchaser free and clear of all leases, tenancies and rights of occupancy, in the same condition as the Property exists on the Effective Date, ordinary wear and tear excepted.

D. Seller shall be responsible for: (i) any State or local grantor's or transfer or stamp taxes or similar charges; and (ii) any releases of Removable Liens, as hereinafter defined, or other unpermitted exceptions. Purchaser shall pay: (i) any State or local recordation taxes and recording fees for the deed, and (ii) the cost of issuing the title commitment, title policy and survey and the cost of recording any instruments securing financing of Purchaser's acquisition. The cost of the closing escrow and all other closing costs shall be borne one-half by each of Purchaser and Seller. Each party shall pay for its own attorneys.

ARTICLE V

METHOD OF CLOSING

The Closing shall be pursuant to the normal and customary method of closing of real estate similar to the Property in the city where the Property is located and in the Commonwealth of Virginia, provided that the title insurance policy delivered to Purchaser pursuant to this Agreement shall be dated as of the date of Closing.

ARTICLE VI

TITLE COMMITMENT, SURVEY & POLICY

6.1 Objections to Title. Purchaser shall have a period of sixty (60) days from the Effective Date (the "Title Review Period") to obtain a title insurance commitment on terms satisfactory to Purchaser ("Title Commitment") from a nationally recognized title insurance company selected by Purchaser (the "Title Company") and a survey satisfactory to Purchaser of the Parcel ("Survey"), review the Title Commitment and Survey, and notify Seller of any objections to title to the Parcel or matters of survey. If the Title Commitment or Survey discloses matters objectionable to Purchaser, Purchaser shall provide notice to Seller (the "Title Notice") on or before the end of the Title Review Period of such objectionable matters (the "Title Objections") and provide Seller a copy of the Title Commitment and Survey. Unless objected to by Purchaser pursuant to a Title Notice timely given to Seller, any matters reflected by the Title Commitment or Survey shall all be deemed to be permitted title exceptions ("Permitted Title Exceptions") and not Title Objections. If any Title Objections are reported, Seller shall have the

right, but not the obligation, to pursue correction of the Title Objection. Seller shall give Purchaser notice whether Seller elects to cure the Title Objections with ten (10) days after receipt of notice of the Title Objections. If Seller fails to give such notice, Seller shall be deemed to have elected not to cure. In the event Seller elects or is deemed to elect not to cure such Title Objections, Purchaser shall have the election in Section 6.2 below. If Seller elects to cure, Seller shall have up to sixty (60) days to cure such Title Obligation (the "Title Cure Period"). If Seller has not cured all existing Title Objections by the end of the Title Cure Period, Seller shall notify Purchaser within five (5) days after expiration of the Title Cure Period, in which event Purchaser shall have the election set forth in Section 6.2 below. Failure by Seller to deliver such notice within such period shall be deemed to be notice from Seller that the Title Objections have not been cured and Purchaser shall have the election as provided in Section 6.2 below.

6.2 Failure of Title: If on or before the expiration of the Title Cure Period, Seller has not cured or is deemed not to have cured same as provided in Section 6.1 above, or if Seller elects or is deemed to elect not to cure the Title Objections, Purchaser may elect, as its sole right and remedy by reason thereof, within five (5) days of Seller's notice or deemed notice in accordance with Section 6.1 above, either (i) to take such title to the Parcel as Seller can convey, with no abatement of the Purchase Price or (ii) upon written demand by Purchaser to Seller and Escrow Agent, to terminate this Agreement and receive the return of the Earnest Money and any Additional Earnest Money. Upon the return of the Earnest Money and any Additional Earnest Money, this Agreement shall be and become null and void, neither party shall have any further rights or obligations hereunder (except for the indemnity obligations of Purchaser to Seller as set forth in this Agreement, which shall survive the cancellation of this Agreement).

6.3 Release of Liens: Notwithstanding anything contained in this Agreement, Seller shall be obligated to pay off or otherwise satisfy any lien or encumbrance that can be satisfied by the payment of money and in the event Seller fails to do so, Purchaser shall have the right to discharge any such lien or encumbrance, in which event any such amounts paid by Purchaser shall be credited against the Purchase Price of the Property.

ARTICLE VII

DELIVERIES

7.1 Seller's Deliveries: Seller shall deliver the following to Purchaser no later than ten (10) days after the Effective Date:

A. A true and correct copy of any real estate and personal property tax bills and notices of assessed valuation pertaining to the Property for the three most recent years, including any pending or past tax protests or appeals, if any, and all documents, correspondence, pleadings and all other information relating to any and all pending or past tax protests and appeals relating to the Property.

B. To the extent in Seller's possession, or reasonably obtainable, "as-built" drawings of underground utilities (including storm sewer, sanitary sewer, water, and telephone and electric service cables), if any, located under the Property.

C. Any and all existing soil studies and reports, all environmental assessments, studies, tests, reports and analyses, and all other studies, reports, permits, subdivision and planned unit development plats, approvals and plans, surveys, zoning information, topographical and engineering studies, any correspondence related to any of the foregoing, and all other data and information relating to Property, or its development or operation, which Seller has in Seller's possession or which are reasonably obtainable by Seller.

D. True and correct copies of all contracts and agreements relating to the Property or its ownership, development, construction, operation (including a copy of any management agreement for the operation of the golf course, the form of agreement between the management company and any individual golfers, copy of any lease for the pro shop), management or use and all guarantees and warranties extended or assigned to Seller in connection therewith which are currently in effect.

E. A true, correct and complete copy of all necessary governmental licenses or approvals, if any, issued in connection with the Property, and a copy of all correspondence between Seller and its agents and representatives and any and all governmental officials concerning the Property.

F. A true, correct and complete copy of any lease, license, or other agreement relating to occupancy of or affecting the Property, together with any and all amendments, modifications or extensions thereof or thereto and copies of any notices or other correspondence with respect thereto.

7.2 Purchaser's Deliveries. Purchaser shall deliver the following to Seller no later than ten (10) days before the expiration of the Due Diligence Period:

A. A cost estimate by trade, in form and substance acceptable to Seller, for all of the hard and soft costs associated with the installation of the Infrastructure.

B. An integrated construction schedule and development timeline (the "Construction Schedule"), showing milestones for the development of the Project (defined below), including but not limited to pre-construction benchmarks, installation of the Infrastructure and the construction and opening for business of the Project.

ARTICLE VIII

COVENANTS

8.1 Seller's Covenants. Between the Effective Date and the date of Closing, Seller shall:

A. Not mortgage, hypothecate, further encumber, or convey any interest in the Property or permit any liens on the Property to arise by operation of law. For so long as this Agreement remains in effect, Seller shall instruct the City that any agreements with any management companies and their agreements with golfers relating to calendar year 2014 or later shall contain provisions entitling the City, Seller or any successor in title to terminate such agreements as they relate to the Property on not more than 30 days' notice and without cost.

B. Remedy, at Seller's own expense, all violations of laws, ordinances, orders or other requirements relating to the ownership, construction, development and operation of the Property which have been or may be imposed by any governmental authority having jurisdiction over, or affecting, all or any part of the Property prior to the date of the Closing.

C. [Intentionally omitted.]

D. Refrain from taking any action which shall materially diminish the value of the Property or shall adversely affect Purchaser's intended use of the Property.

E. Maintain liability insurance on the Property in limits reasonably acceptable to Purchaser.

F. Timely pay (or cause to be paid) any taxes and assessments affecting the Property.

G. Not enter into any new lease or extend any existing lease of the Property, in whole or in part, or enter into or modify any agreement affecting any part of the Property without the prior written consent of Purchaser.

H. Comply with the terms of any agreement affecting any portion of the Property, binding upon Seller, or to which Seller is a party.

I. Assist Purchaser in coordination of franchise utilities (i.e., electricity, communications, gas and cable) to serve the Project.

J. [Intentionally omitted.]

K. Utilities.

(i) Subject to Section 2.1.B, above, Seller shall cause to be provided at Seller's cost, water, storm and sanitary sewer lines of adequate size and capacity and at such locations as are determined by Purchaser, provided if a site plan has been approved by the City for the Project, as hereinafter defined, then in accordance with that site plan, to service the proposed ±350,000 square foot gross leasable area (GLA) shopping center ("Project") at the property lines of the Property. A detailed description of Seller's utility undertakings shall be set forth in writing and agreed to by Purchaser and Seller prior to the expiration of the end of the initial Feasibility Period. To the extent practicable, all of Seller's obligations referred to in this clause (i) shall be completed prior to Closing, with those utility undertakings whose completion will require a longer time shall be completed by such later date as Purchaser and Seller may agree, with the post-Closing utility undertakings and their completion dates to be agreed upon in writing by the parties by the Option Exercise Date. In the event Purchaser consents to a post-Closing completion by Seller of its obligations under this Section, Purchaser shall be entitled to withhold at Closing an amount sufficient to secure Seller's performance and shall have the right, in the event of Seller's breach of such performance obligations, to perform the work utilizing the funds held back at Closing for such purpose.

(ii) Any utility connection fees shall have been allocated on the basis of acreage among the Project and any other proposed developments on adjacent land of Seller served by such utilities.

L. Promptly after execution of this Agreement, Seller shall initiate or cause the City to initiate appropriate proceedings in order to apply for rezoning of the Property necessary for the construction, use and operation of the Project, and shall cooperate to cause such rezoning to be granted by no later than expiration of Feasibility Period. In the event any variance is required with respect to any signage required for the Project, Seller will cooperate with and support Purchaser with regard to the issuance of any such variance.

M. Not later than expiration of the Feasibility Period, unless the parties agree otherwise, Purchaser shall prepare and submit to Seller and the City for review and approval a subdivision plat subdividing the Parcel from the remainder of Seller's contiguous property (the "Subdivision Plat"). Seller will cooperate and support Purchaser in connection with the approval of such Subdivision Plat in order to be able to record same prior to Closing. In the event any variance is required by City subdivision ordinance for such Subdivision Plat, Seller will cooperate and support Purchaser in obtaining from the appropriate administrative official the granting of any such variance necessary for the approval of the Subdivision Plat.

N. [Intentionally omitted.]

O. Subject to and consistent with Section 2.1.B, above, Seller will cooperate and support Purchaser with regard to obtaining from the Cities of Norfolk and Virginia Beach an agreement with Purchaser on terms satisfactory to Purchaser for the extension of Wesleyan Drive from Northampton Boulevard to Miller Store Road ("Roadway") of a design, location, with entry points and completion date satisfactory to the parties and the Cities of Norfolk and Virginia Beach to serve the Project ("Roadway Installation Agreement"). The Roadway Installation Agreement shall provide that the Roadway shall be installed and open to the public not later than thirty (30) days prior to the opening of the Project.

P. Subject to and consistent with Section 2.1.B, above, but otherwise notwithstanding anything contained in this Agreement to the contrary, Purchaser shall be responsible, without cost to Purchaser (i.e., at the Seller's or City's expense), for the relocation of any fiber optic cable or other underground cables or utilities including without limitation that certain sanitary sewer force main that crosses the Parcel (hereinafter collectively "Underground Cables/Utilities") located on the Parcel to locations mutually satisfactory to Purchaser and Seller. Promptly after the Execution Date, Seller shall provide Purchaser with a right of entry which, in addition to the usual permission to perform Purchaser's due diligence and inspections, will also authorize Purchaser to enter on the Property and to perform the relocation of the Underground Cables/Utilities, subject to compliance with the City's standard requirements for such work. The out-of-pocket expense incurred by Purchaser in relocating the Underground Cable/Utilities (the "Relocation Cost") shall be borne by Seller as follows: Seller will reimburse Purchaser periodically for the Relocation Cost as the relocation work is performed. Purchaser will submit not more frequently than every thirty (30) days a request for reimbursement with reasonable documentation of Purchaser's expenses incurred. Disbursement will be made within twenty (20) days after receipt of request for disbursement. If Closing does not close for any reason other

than Purchaser's default Purchaser will be reimbursed by Seller for any unreimbursed Relocation Cost within twenty (20) days after Purchaser submits reasonable documentation of Purchaser's expenses for such unreimbursed Relocation Cost. This Section 8.1P shall survive termination of this Agreement.

8.2 Purchaser's Covenants. Purchaser agrees that in consideration of Seller's performance of its obligations under this Agreement, Purchaser shall, if it closes on the purchase of the Property, diligently and continuously pursue the development, construction, leasing, marketing and opening for business of the Project, using commercially reasonable efforts to consistently meet the milestones in the Construction Schedule.

ARTICLE IX

FINDINGS, REPRESENTATIONS AND WARRANTIES

9.1 Findings by Seller. In order to induce Purchaser to enter into this Agreement, Seller makes the following legislative findings as of the Effective Date and through the date of Closing:

A. Seller is a duly formed and validly existing political subdivision organized under the laws of the Commonwealth of Virginia.

B. Seller has all necessary and requisite authority to enter into this Agreement and to consummate all of the transactions contemplated hereby.

C. The execution of this Agreement by Seller does not, and the performance by Seller of the transactions contemplated by this Agreement will not, violate or constitute a breach of any contract, permit, license, order or decree to which Seller is a party or by which Seller or its assets are bound.

D. Seller has, by proper action, duly authorized Seller's entering into this Agreement and this Agreement has been duly executed and delivered by Seller.

E. All documents, agreements and instruments to be executed by Seller in connection herewith have been duly authorized by all necessary action of Seller and at the Closing shall be duly executed and delivered by Seller. This Agreement does, and when executed and delivered, the agreements from and by Seller consummating the Closing (the "Seller's Closing Documents") shall constitute legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their respective terms under the laws of the Commonwealth of Virginia, except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, or other similar laws presently or hereafter in effect, effecting the enforcement of creditor's rights and remedies generally and by general principles of equity.

F. The execution and delivery of this Agreement and the Seller's Closing Documents, the sale of the Property and the consummation of the transaction contemplated hereby, do not:

(i) conflict with any order, judgment, injunction, award or decree of any governmental body, administrative agency or court by which Seller or the Property is bound;

(ii) violate, conflict with, result in the breach or termination of, or constitute a default under, accelerate the performance required by, or result in the creation of any claim, lien, encumbrance, security interests, restrictions, or other charge upon the Property pursuant to any indenture, mortgage, deed of trust or other agreement or instrument affecting the Property to which Seller is a party or by which Seller or the Property is bound; or

(iii) to Seller's actual knowledge, violate any law, statute, rule, judgment, order, writ, injunction, decree, ordinance, code, regulation, or requirement of any federal, state, county or municipal court, administrative agency, or other governmental authority applicable to Seller or by which Seller or the Property is bound.

G. Except as set forth herein, no consent, authorization or approval of, or exemption by, any federal, state or municipal court, administrative agency or other governmental authority or any third party is required in connection with the execution and delivery of this Agreement or the Seller's Closing Documents.

H. Seller is neither a "foreign person" nor a "foreign corporation" as those terms are defined in Section 7701 of the Internal Revenue Code of 1986, as amended.

I. To Seller's actual knowledge, after no investigation, there are not currently pending any special assessments of any nature with respect to the Property, nor has Seller received any written notice of nor has Seller knowledge of, any such special assessment being contemplated.

J. To Seller's actual knowledge, after no investigation, there are no violations by Seller or, to the best of Seller's knowledge, by any other person or entity, of any restrictive covenants or other matters affecting the Property.

K. Seller makes no representations as to the physical condition of the Property and Purchaser shall take the Property "as is" as of the Effective Date, ordinary wear and tear excepted.

L. To Seller's actual knowledge, after no investigation, the Property and its operation is not in violation of any applicable federal or state law, or any ordinance, order or regulation of any governmental or quasi-governmental agency having jurisdiction over the Property, and no proceedings of any type (including condemnation or similar proceedings) have been instituted or, to the knowledge of Seller, are pending or contemplated against the Property.

M. To Seller's actual knowledge, after no investigation, there are no outstanding contracts or commitments made by Seller (or any of its agents or affiliates) for work or materials in connection with the Property which have not been fully paid for on a timely basis.

N. To Seller's actual knowledge, there currently exist no events of default by Seller, or events which with passage of time or notice or both would constitute events of default by Seller, under the terms and provisions of any other contracts or agreements with respect to the Property to which Seller is a party.

O. To Seller's actual knowledge, Seller has received no written notice of any violation, alleged violation, or pending or threatened violation of any legal requirement affecting the Property, including, without limitation, any violation or alleged violation of any local, state, or federal, zoning, handicap, or fire law, ordinance, code, regulation, rule or order, and specifically including, without limitation, variances or special permits affecting the Property which is the subject of any currently pending enforcement proceeding as of the Effective Date.

P. To Seller's actual knowledge, Seller has received no written notice of, and there does not exist, any pending litigation, or litigation which has been threatened in writing, or governmental proceeding affecting the Property or Seller.

Q. No person, firm or corporation or other entity has any right or option to acquire the Property from Seller.

R. To Seller's actual knowledge, after no investigation, all documents, to which Purchaser has been given access to review in accordance with this Agreement are true, correct, complete and accurate in all material respects.

S. Seller has not filed nor has Seller contemplated filing any voluntary bankruptcy or insolvency proceeding. Seller has not been notified of nor has it reason to believe that any involuntary bankruptcy or insolvency proceeding will be filed against him, and Seller has not consulted with an attorney in contemplation of filing any bankruptcy or insolvency proceeding.

T. The Property is not subject to real estate taxes.

In the event at any time prior to Closing Seller learns or has reason to believe that any of the aforesaid findings is not longer true or valid, Seller shall immediately notify Purchaser in writing and therein specify the factors rendering or likely to render such findings untrue or invalid. All findings contained in this Article IX or elsewhere in this Agreement shall be deemed remade as of the date of Closing, and shall survive the Closing.

9.2 Intentionally Omitted.

9.3 Purchaser's Representations and Warranties. Purchaser makes the following representations and warranties and agrees that Seller's obligations under this Agreement are conditioned upon the truth and accuracy of such representations and warranties in all material respects as of Settlement:

A. Purchaser is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware and has qualified to transact business in the Commonwealth of Virginia.

B. Purchaser has the power and authority to enter into this Agreement and to purchase the Property.

C. Purchaser has, by proper action, duly authorized Purchaser's entering into this Agreement, and this Agreement has been duly executed and delivered by Purchaser;

D. All documents, agreements, and instruments to be executed by Purchaser in connection herewith have been duly authorized by all necessary action of Purchaser and at the Closing shall be duly executed and delivered by Purchaser. This Agreement does, and, when executed and delivered, the agreements from and by Purchaser consummating the Closing (the "Purchaser's Closing Documents") shall, constitute legal, valid, and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms under the laws of the Commonwealth of Virginia, except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium, or other similar laws presently or hereafter in effect affecting the enforcement of creditor's rights and remedies generally and by general principles of equity.

E. The execution and delivery of this Agreement and the Purchaser's Closing Documents, the purchase of the Property, and the consummation of the transactions contemplated hereby, do not: (i) conflict with any order, judgment, injunction, award, or decree of any governmental body, administrative agency, or court by which Purchaser or any of Purchaser's assets or properties is or are bound; (ii) violate, conflict with, result in the breach or termination of, or constitute a default under, accelerate the performance required by, or result in the creation of any claim, lien, encumbrance, security interest, restriction, or other charge upon any of the assets or properties of Purchaser pursuant to any indenture, mortgage, deed of trust, or other agreement or instrument to which Purchaser is a party or by which Purchaser or any of its assets or properties is or are bound; or (iii) to Purchaser's actual knowledge, violate any law, statute, rule, judgment, order, writ, injunction, decree, ordinance, code, regulation, or requirement of any federal, state, county or municipal court, administrative agency, or other governmental authority applicable to Purchaser or by which Purchaser or any of its assets or properties is or are bound; and

F. Except as set forth herein, no consent, authorization or approval of, or exemption by, any federal, state or municipal court, administrative agency or other governmental authority or any third party is required in connection with the execution and delivery of this Agreement or Purchaser's Closing Documents,

G. Purchaser has not relied on any statements or representations made by Seller outside of the this Agreement as to the condition of the Property, and that except for the legislative findings by Seller in Article IX and elsewhere in this Agreement, Purchaser will rely, and as of Closing will have relied, entirely on its own inspection of the Property. Except to the extent Seller has agreed in this Agreement to make any changes to the Property's condition or restore any damage to the Property, Purchaser agrees to accept the Property at Closing in its current condition.

H. Purchaser acknowledges that its proposed Project will be subject to, and will thus be required to adhere to, the City of Norfolk's standard procedures for the

redevelopment of publicly owned property, including but not limited to the City of Norfolk's design review process, site plan review and rezoning approval by the Planning Commission and the City Council.

ARTICLE X

BROKERS

Purchaser and Seller each warrant to the other that, except for S. L. Nusbaum Realty Co., the commissions for whom will be paid by Purchaser, as set forth in separate agreement, neither party has employed the services of any real estate broker, agent or finder with respect to this sale and has not assumed any obligation for the payment of any commissions on the sale of the Property. Each party agrees to indemnify and hold the other harmless from and against the claims of any other person, firm, or corporation claiming any brokerage commission, finder's fee, or similar compensation based on any alleged negotiations or dealings with that party contrary to this representation. This representation and agreement shall survive Closing.

ARTICLE XI

SELLER TO JOIN IN APPLICATIONS

11.1 Seller Cooperation. Seller shall, without charge, cooperate fully (which shall include, if necessary, executing applications, permits, and the like) and to the extent feasible cause others to cooperate fully with Purchaser; in obtaining site plan approval, zoning change approvals, building or other appropriate permits and other appropriate government approvals, including the taking of any appeals or such proceedings that may be necessary and appropriate in connection therewith. Seller hereby authorizes Purchaser to file for any such permit or approval and to take all steps necessary or appropriate in furtherance thereof, provided that any application for such permit or approval to be filed by Purchaser in Seller's name shall first be provided to Seller at least five (5) business days prior to the deadline for submission for review by Seller.

ARTICLE XII

CONDITIONS TO PARTIES' OBLIGATION TO CLOSE

12.1 Purchaser's Conditions Precedent. The obligations of Purchaser to close the transactions contemplated by this Agreement and to pay the Purchase Price are conditioned upon and subject to the satisfaction on or before the date of Closing (or waiver by Purchaser) of each of the following conditions:

A. Seller shall have performed and complied with all agreements, covenants, and conditions to be performed or complied with prior to the date of the Closing.

B. All of Seller's findings set forth in this Agreement shall be true and correct as of the date of the Closing.

C. The Feasibility Period shall have expired without Purchaser notifying Seller of Purchaser's intent to terminate this Agreement pursuant to the terms hereof.

D. There shall not exist any pending litigation, or litigation which has been threatened in writing, or any governmental proceeding, challenging or seeking to prevent the transactions contemplated by this Agreement.

E. Title to the Parcel shall be good and marketable and vested in the name of Seller, subject to no exceptions other than the Permitted Title Exceptions, and the Title Company shall be prepared to issue, at its standard premium rates, a title insurance policy pursuant to the Title Commitment insuring Purchaser's title to the Parcel in accordance with the Title Commitment, subject only to the Permitted Title Exceptions in the amount of the Purchase Price.

F. Seller and the Cities of Norfolk and Virginia Beach shall have entered into the Roadway Installation Agreement.

G. The Parcel shall have been finally zoned to permit the Project as a matter of right. "Final" or "Finally" for purposes of this Agreement means that the time in which to appeal or challenge such rezoning has expired without any such appeal or challenge being filed.

H. Seller shall have, prior to Closing, terminated any agreement between Seller and any person or entity operating the golf course and caused the termination of any third party (i.e. golfers) rights to use the Property.

I. Purchaser and Seller shall have entered into a mutually satisfactory Infrastructure Agreement.

12.2 Purchaser's Election. If all of the aforementioned conditions have not been satisfied or waived by Purchaser on or before the date of Closing, Purchaser may, in Purchaser's sole and absolute discretion, (i) terminate this Agreement, in which event the Earnest Money and the Additional Earnest Money, together with all interest earned thereon, shall promptly be returned to Purchaser and all rights, obligations, and liabilities under this Agreement shall terminate; (ii) extend, for up to ninety (90) days, the period during which the conditions must be satisfied, together with such additional periods as Purchaser deems reasonable to satisfy such conditions; (iii) pursue specific performance; or (iv) waive such conditions and proceed to Closing.

12.3 Seller's Conditions Precedent. The obligations of Seller to close the transactions contemplated by this Agreement and to convey the Property to Purchaser are conditioned upon and subject to the satisfaction on or before the date of Closing (or waiver by Seller) of each of the following conditions:

A. Purchaser shall have performed and complied with all agreements, covenants, and conditions to be performed or complied with by Purchaser prior to the date of the Closing.

B. Purchaser's representations and warranties set forth in Section 9.3 of this Agreement shall be true and correct as of the date of the Closing.

C. There shall not exist any pending litigation, or litigation which has been threatened in writing, or any governmental proceeding, challenging or seeking to prevent the transactions contemplated by this Agreement.

D. Purchaser shall have entered into the Roadway Installation Agreement with Seller and the Cities of Norfolk and Virginia Beach.

E. The Property shall have been Finally zoned to permit the Project as a matter of right, and the Subdivision Plat shall have been recorded.

F. The Purchaser and Seller shall have entered into a mutually satisfactory Infrastructure Agreement.

G. The Purchaser shall have delivered to Seller evidence satisfactory to Seller that Purchaser either has arranged adequate financing or has access to sufficient equity funds for the construction and operation of the Project.

12.4 Seller's Election. If all of the aforementioned conditions have not been satisfied or waived by Seller on or before the date of Closing or earlier date specified above, and the Purchaser is not in breach of this Agreement, then Seller may, in Seller's sole and absolute discretion: (i) terminate this Agreement, in which event the Earnest Money and the Additional Earnest Money, together with all interest earned thereon, shall promptly be returned to Purchaser and all rights, obligations, and liabilities under this Agreement shall terminate; (ii) extend, for up to ninety (90) days, the period during which the conditions must be satisfied, together with such additional periods as Seller deems reasonable to satisfy such conditions; or (iii) waive such conditions and proceed to Closing. If all of the aforementioned conditions have not been satisfied or waived by Seller on or before the date of Closing, and the Purchaser is in breach of this Agreement, then Article XV shall govern.

ARTICLE XIII

CLOSING ADJUSTMENTS

13.1 Adjustments. Adjustments shall be made between Seller and Purchaser for the following items, prorated on a per diem basis, as of midnight of the day preceding the date of the Closing (i.e., Purchaser shall be treated as owner for the day of the Closing).

A. Real estate, personal property and ad valorem taxes, and other state or city taxes, charges and assessments and storm water charges affecting the Property, not yet due and payable, shall be prorated on the basis of the most recent fiscal year for which the same are levied or assessed; provided, that if the amount of any such taxes, charges, or uses or assessments shall not be fixed or ascertainable before the date of the Closing, the adjustment on the date of Closing shall be upon the basis of one hundred ten percent (110%) of the most recent ascertainable amount of such taxes, charges, and assessments. As soon after Closing as the actual amounts of such taxes, charges, uses, or assessments are fixed, the appropriate adjustment shall be made between the parties on such fixed amounts.

B. Such additional adjustments as are normally made in connection with the sale of property similar to the Property in the City and Commonwealth where the Property is located.

ARTICLE XIV

CONDEMNATION AND CASUALTY

14.1 Condemnation. In the event between the Effective Date and the date of the Closing any condemnation or eminent domain proceedings are initiated or Seller receives written notice that any condemnation or eminent domain proceedings are threatened which might result in the taking of any part of the Property, Purchaser may:

A. Terminate this Agreement, in which event, the Earnest Money and the Additional Earnest Money, together with all accrued interest, shall promptly be returned to Purchaser and all rights and obligations of the parties under Agreement shall cease; or

B. Consummate the transactions contemplated by this Agreement, in which event Seller shall assign to Purchaser all of Seller's right, title, and interest in and to any award made in connection with such condemnation or eminent domain proceedings.

14.2. Notice. Seller shall immediately notify Purchaser in writing of the threat or the occurrence of any condemnation or eminent domain proceedings. Purchaser shall then notify Seller within fifteen (15) business days after the date of Purchaser's receipt of Seller's notice of such condemnation or eminent domain proceedings or the date of such proceedings, whether Purchaser elects to exercise its right under Subparagraph A or B of Section 14.1. In the event Purchaser receives written notice of the threat or occurrence of such condemnation or eminent domain proceedings within fifteen (15) business days prior to the date of Closing, Purchaser shall have the option of extending the date of the Closing for up to fifteen (15) days.

14.3 Casualty; Risk of Loss. Given that Purchaser does not contemplate leaving in place any of the improvements on the Property during its installation of the Infrastructure and construction of the Project, Purchaser shall not be afforded any rights under this Agreement with respect to any damage or destruction of any Improvements on the Property prior to the Closing, and in the event of any such damage or destruction prior to Closing, Seller shall be entitled to retain any insurance proceeds without any diminution in the Purchase Price. In the event of a casualty to any Improvements on the Property which Seller does not elect to restore, Seller shall remove the damaged Improvements and grade the area damaged at Seller's cost and leave the Property in a safe condition prior to Closing.

ARTICLE XV

REMEDIES

15.1 Seller's Breach. If Seller breaches any part of this Agreement or if Seller fails to consummate the sale of Property for any reason other than Purchaser's default, Purchaser may avail itself of any and all rights and remedies at law or in equity, including, but not limited to, the

right to (i) cancel this Agreement and receive the prompt return of the Earnest Money and the Additional Earnest Money, together with all accrued interest, (ii) collect monetary damages from Seller for Purchaser's financial loss, including direct, but not consequential, damages; and (iii) enforce specific performance of this Agreement. The exercise of any one of Purchaser's rights or remedies under this Agreement shall not be deemed to be in lieu of, or a waiver of, any other right or remedy available to Purchaser.

15.2 Purchaser's Breach. If (i) all of the conditions to Purchaser's obligations to purchase the Property have been satisfied or waived in writing by Purchaser and Seller is not in default under this Agreement, and (ii) Purchaser fails to consummate the purchase of the Property for any reason other than Seller's default, Seller, as Seller's sole and exclusive remedy, may terminate this Agreement and receive the Earnest Money and the Additional Earnest Money, together with all accrued interest, as full and final liquidated damages because actual damages suffered by Seller would be difficult, impractical and inconvenient to determine or ascertain. Thereafter, there shall be no further liability thereunder on the part of either party or the other party.

15.3 Attorneys' Fees. If either Purchaser or Seller brings an action to enforce its rights under this Agreement, the successful party shall be reimbursed by the unsuccessful party for all costs of enforcement, including reasonable fees of attorneys' and court costs. Tender of a deed or purchase money shall not be necessary where the other party has defaulted.

ARTICLE XVI

NOTICES

16.1 Notices. All notices, demands, requests, and other communications under this Agreement shall be in writing and shall be deemed properly served when delivered, or when delivery is refused, (i) if delivered by hand to the party to whose attention it is directed, (ii) if mailed postage prepaid, by registered or certified mail, return receipt requested, (iii) if sent by private receipt courier guaranteeing next day delivery, delivery charges prepaid, or (iv) if transmitted by facsimile transmission, provided receipt of the notice is confirmed, orally or in writing by a representative of Seller or Purchaser,

A. If intended for Seller, to:

c/o City of Norfolk - Department of Development
500 East Main St., Suite 1500
Norfolk, VA 23510
Attn: Steven J. Anderson, Executive Director

with a copy to:

Williams Mullen
999 Waterside Drive, Suite 1700
Norfolk, VA 23510
Attn: William L. Nusbaum, Esq.

B. If intended for Purchaser, to:

c/o Premium Outlets | SIMON
105 Eisenhower Parkway
Roseland, New Jersey 07068
Attn: Mark J. Silvestri, Executive Vice President
Attn: Darryl Gugig, Deputy General Counsel

or at such other address or to such other party which any party entitled to receive notice designates to the others in writing.

ARTICLE XVII

EQUAL OPPORTUNITY

17.1 Equal Opportunity Employer. Purchaser and any Affiliate, as hereinafter defined, whose employees are located and work at the Project ("Project Affiliate") shall be and remain an equal opportunity employer. In keeping with this policy, Purchaser and each of Purchaser's Project Affiliates will use commercially reasonable efforts to recruit, hire, train and promote into all job levels of Purchaser or its respective Project Affiliate qualified persons without regard to race, color, religion, sex or national origin. Furthermore, Purchaser and each Project Affiliate shall administer all other personnel matters (such as compensation, benefits, transfers, layoffs and training) in accordance with the applicable requirements of federal and state law. In addition, Purchaser and each of Purchaser's Project Affiliates will (a) use commercially reasonable efforts to recruit well qualified minorities for its respective workforce for the Project and well qualified minority subcontractors and suppliers for the Project, (b) use commercially reasonable efforts to promote and encourage the hiring of Norfolk-based subcontractors and suppliers by the general contractor that Purchaser engages to construct the Project and (c) meet with representatives of the City from time to time to identify appropriate techniques for such recruitment. Purchaser and each of Purchaser's Project Affiliates shall also use commercially reasonable efforts to cause its general contractor and that contractor's subcontractors to extend the same policies set forth in this Article XVII to their respective personnel. *For the avoidance of doubt, the parties agree and acknowledge that Purchaser and Purchaser's Project Affiliates have and may from time to time enter into agreements with regional or national vendors for various services, including, for example, those who supply janitorial equipment and service, common area waste, HVAC equipment and service, office furniture, security equipment and service, advertising, waste hauling, vending, and printing, to be provided with respect to the Project and the provisions of the foregoing Section 17.1 shall not apply in the case of such regional and national vendors.*

For purposes of this Section 17.1, the term "Affiliate" of a specified person or entity means any person or entity any person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, such specified person or entity. As used in this definition of Affiliate, the term "control" of a specified person or entity including, with correlative meanings, the terms, "controlled by" and "under common control with," means (a) the ownership, directly or indirectly, of 50 percent or more of the equity interest in a person

or entity or (b) the power to direct or cause the direction of the management and policies of a person or entity, whether through ownership of voting securities, by contract or otherwise.

17.2 Mandatory Contract Provisions. Purchaser and each of Purchaser's Project Affiliates agrees with respect to construction of the Project to insert the following requirements in all bid documents, contracts and purchase orders of over \$5,000, and to require all contractors to include such requirements in its subcontracts of over \$5,000:

A. Purchaser and each of Purchaser's Project Affiliates shall include in its general contract relating to construction of the Project, and cause its general contractor to assure that any subcontract relating to the construction of the Project include, verbatim, the following paragraph: "During the performance of this contract, the contractor agrees that the contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer"; however, notices, advertisements and solicitations placed in accordance with federal law, rule or regulation, and contracts and subcontracts containing provisions requiring compliance with all applicable federal laws, rules or regulations concerning non-discrimination in employment, shall be deemed sufficient for purposes of meeting the requirements of this Section 17.2.

B. that such contractors and subcontractors, as applicable, will provide a "drug-free workplace" for the contractor's or subcontractor's employees, with "drug-free workplace" meaning a site for the performance of work where the employees are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract;

C. that such contractors and subcontractors, as applicable, will post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's or subcontractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and

D. that such contractors and subcontractors, as applicable, will state in all solicitations or advertisements for employees placed by or on behalf of the contractor or subcontractor that such contractor or subcontractor, as applicable, maintains a drug-free workplace.

ARTICLE XVIII

MISCELLANEOUS

18.1 Governing Law. The validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the Commonwealth of Virginia applicable to contracts made and to be performed in that Commonwealth.

18.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

18.3 Captions. The captions of this Agreement are inserted for convenience of reference only and in no way define, describe, or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

18.4 Assignment. Purchaser, at its sole discretion, shall have the right to assign all rights in this Agreement to its affiliates or to acquire title in the name of a designee, if an affiliate. All other assignments by Purchaser shall be subject to the prior approval of Seller, such approval not to be unreasonably withheld.

18.5 1031 Exchange. In the event Purchaser is under contract with a qualified intermediary for the purpose of effecting a tax-deferred exchange in accordance with Section 1031 of the United States Internal Revenue Code of 1986, as most recently amended, Seller shall cooperate with such exchange and perform any acts reasonably necessary to assist in such exchange, provided that such cooperation shall be at no cost or liability to the cooperating party and Seller shall not be required to accept title to any property other than the Property, expend any additional amounts of money above those amounts required pursuant to this Agreement, or extend the Closing Date.

18.6 Binding Effect. This Agreement shall be binding upon and shall insure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

18.7 Partial Invalidity. If any provision or provisions, or any portion of any provision or provisions, of this Agreement is found by a court of law to be in violation of any applicable local, state, or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Agreement to be illegal, invalid, unlawful, void, or unenforceable as written, then it is the intent both of Seller and Purchaser that any portion, provision, or provisions shall be given force to the fullest possible extent that they are legal, valid, and enforceable, that the remainder of this Agreement shall be construed as if such illegal, invalid, unlawful, void and unenforceable portion, provision, or provisions were not contained in this Agreement, and that the rights, obligations, and interest of Seller and Purchaser under the remainder of this Agreement shall continue in full force and effect.

18.8 Exhibits. Any exhibits to this Agreement which are not attached to this Agreement at the time of execution shall be completed and attached to this Agreement prior to the end of the Feasibility Period, subject to the approval of the parties as to form and content. Failure of the parties to agree to the form of all exhibits to this Agreement during the Feasibility Period shall be grounds for either Purchaser or Seller to terminate this Agreement.

18.9 Confidentiality. Without the prior written consent of the other party, neither Seller nor Purchaser will disclose to any person, other than their legal counsel any of the terms, conditions or other facts with respect to the Agreement, other than the fact that it has been entered into or the status thereof; provided, that either party hereto may make such disclosure if compelled by court order or to comply with the requirements of any law, governmental order or regulation, or where disclosure is reasonably required in connection with Purchaser's application for approvals or to meet its disclosure obligations as a publicly-traded company.

18.10 Acceptance of Offer. The offer to purchase the Property made by Purchaser by the delivery of copy of this Agreement as executed on behalf of Purchaser shall automatically terminate and expire at 5:00 p.m. E.S.T. on November 13, 2013 unless the offer is accepted earlier by Seller's execution of this Agreement, or a part hereof, and by the return to Purchaser of a fully executed copy of this Agreement on or before the date and time aforementioned.

18.11 Integration. This Agreement contains the final Agreement for the purchase and sale of the Property between the parties and neither they nor their agents shall be bound by any terms, conditions, or representations not contained in this Agreement. Any modification shall not be effective unless set forth in writing and executed by both parties. The term "Agreement" when used in any of the documents defining the agreement of the parties for the purchase of the Property shall mean the Agreement with all exhibits, and any written amendments to those documents which are signed by authorized representatives of the parties.

18.12 Execution by Facsimile or Other Electronic Representation. This Agreement may be executed and delivered by exchange of facsimile copies or other electronic representation showing the signatures of Purchaser and Seller and those signatures need not be affixed to the same copy. The facsimile copies showing the signatures of Purchaser and Seller will constitute originally signed copies of the same agreement requiring no further execution.

18.13 Further Assurances. Seller agrees that it will, upon request of Purchaser, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, granting, assuring and confirming to Purchaser, or to its successors and assigns, or at Purchaser's expense for aiding and assisting in collecting and reducing to possession, any or all of the assets or property being sold to Purchaser pursuant to this Agreement.

18.14 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the parties that this Agreement shall not be construed as a third-party beneficiary contract.

18.15 Drafting and Negotiations. No provision of this Agreement shall be construed for or against any Party by virtue of any Party's role in drafting this Agreement. No prior drafts, proposed provisions, or negotiations leading to this Agreement shall be considered construing or enforcing the terms of this Agreement.

ARTICLE XIX

WAIVER OF JURY TRIAL

SELLER AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT. THE PROVISIONS OF THIS ARTICLE SHALL SURVIVE THE CLOSING.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date the last party signs (the "Effective Date").

PURCHASER:

SIMON ACQUISITION II, LLC

By: 

Name: John R. Walsby

Title: President

Date: November 11, 2013

SELLER:

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK

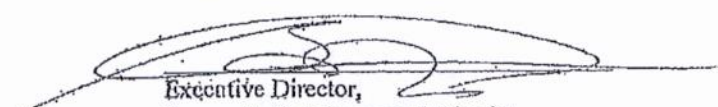
By: 

Name: Jeff Robison

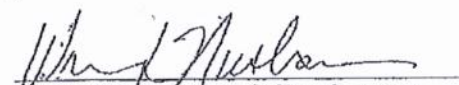
Title: Chairman

Date: November 11, 2013

APPROVED AS TO CONTENTS:


Executive Director,
Economic Development Authority
of the City of Norfolk

APPROVED AS TO FORM
AND CORRECTNESS:


Counsel to the Economic Development
Authority of the City of Norfolk

LIST OF EXHIBITS

- Exhibit A-1 Conceptual Site Plan
- Exhibit A-2 Legal Description of the Parcel
- Exhibit B Declaration of Covenants, Conditions and Restrictions
- Exhibit C Earnest Money Escrow Agreement
- Exhibit D Categories of Infrastructure

EXHIBIT A-1
CONCEPTUAL SITE PLAN

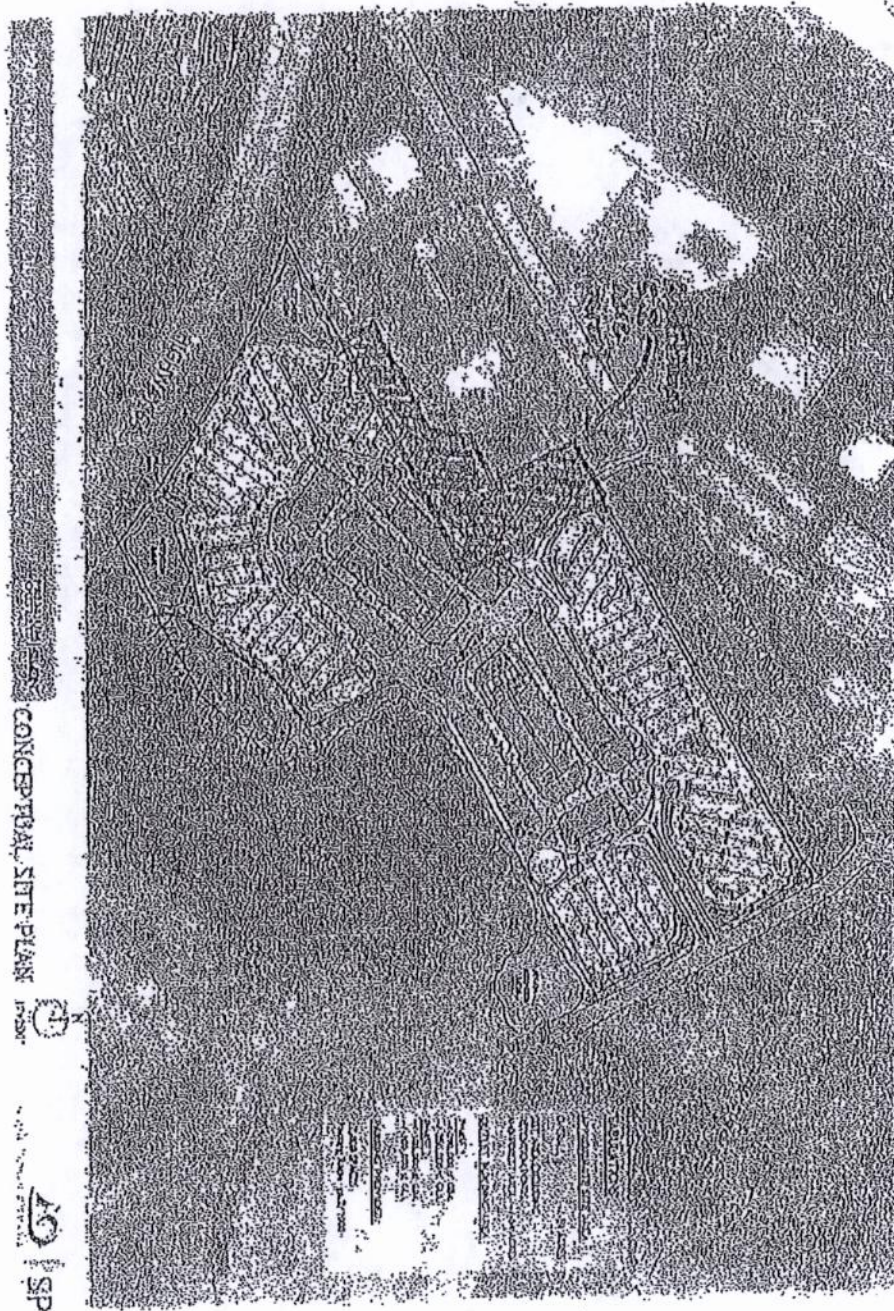


EXHIBIT A-2

LEGAL DESCRIPTION OF THE PARCEL

[TO BE SUPPLIED BY PURCHASER LATER ACCORDING TO THE TERMS OF THE
AGREEMENT, SUBJECT TO TITLE COMPANY'S VERIFICATION.]

EXHIBIT B

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
c/o PREMIUM OUTLETS | SIMON
105 Eisenhower Parkway
Roseland, NJ 07068
Attn: Deputy General Counsel

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

DECLARATION OF COVENANTS, CONDITIONS, & RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS, & RESTRICTIONS (this "Declaration") is made as of this _____ day of _____, 2014, between _____ a Delaware limited liability company, having an address at c/o Premium Outlets | SIMON, 105 Eisenhower Parkway, Roseland, New Jersey 07068 ("Simon") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK, having an address at 500 East Main Street, Suite 1500, Norfolk, VA 23510 ("Seller").

RECITALS:

A. Immediately prior to the recording of this Declaration, Simon has acquired from Seller that certain real property lying in the City of Norfolk, Virginia covering approximately 48 acres, comprising a portion of the former Lake Wright Golf Course in the City of Norfolk, Virginia, more particularly described on Exhibit A attached hereto and made a part hereof (the "Outlet Parcel").

B. After taking into account the conveyance to Simon noted in (A) above, Seller continues to own certain adjacent real property lying in the City of Norfolk, Virginia, covering approximately 43.81 acres, more particularly described on Exhibit B attached hereto and made a part hereof (the "Seller's Retained Lands") (the Outlet Parcel and Seller's Retained Lands are sometimes collectively referred to herein as the "Parcels"). "Owner" shall mean the owner of the fee estate in a Parcel.

C. Simon and Seller desire to provide for certain restrictions so that the improvements constructed or to be constructed on the Parcels can be used in harmony with each other, and to regulate the use and occupancy of Seller's Retained Lands.

NOW, THEREFORE, based upon the above recitals and for valuable consideration paid, it is hereby declared as follows:

SECTION 1

PROHIBITED USES

1.1 General Prohibition on Use of Seller's Retained Lands. The following operations and uses shall not be permitted on Seller's Retained Lands or any portion thereof, whether or not such operation or use might at any time be permitted by local zoning or city ordinances:

- (o) Any auction, public sale (unless ordered by a court) or other auction house operation;
- (p) Any veterinary hospital and/or raising, breeding, slaughtering or keeping animals or poultry of any kind; provided, however, that the sale of food and accessories for domestic pets, and the providing of pet grooming or pet boarding services, shall not be prohibited hereunder;
- (q) Any automobile body and fender repair work, gas station, service station, transmission shop or similar services;
- (r) Any laundromat, car washing establishment, massage parlor, billiard establishment, bowling alley, night club, dance club, or game arcades; provided, however, that operation of electronic games incidental to a primary operation which is not an arcade shall be permitted; or
- (s) Any establishment similar to a "Hooters" or related establishments featuring "adult" entertainment.

1.2 Specific Restriction of Use of Seller's Retained Lands. In addition to the uses prohibited above, no portion of Seller's Retained Lands shall be used as an Outlet Center. For purposes of this Declaration, an "Outlet Center" means any retail establishment (whether or not selling at retail prices) that (a) primarily engages in the wholesale or discounted sale or distribution of merchandise directly to consumers at a price below their ordinary full-price retail operation or (b) markets, advertises or identifies itself as a factory outlet, or (c) is a manufacturer selling its own goods directly to consumers at a price below their ordinary full-price.

SECTION 2

ENFORCEMENT

2.1 None of the provisions of the Declaration shall be further amended or terminated without the consent of then owner of the Outlet Parcel, which consent such owner may withhold or condition at its discretion.

SECTION 3

MISCELLANEOUS

3.1 Notice Addresses. Each party's address for notice shall be the address first set forth above.

3.2 Leases. All leases and other occupancy agreements with respect to either Parcel shall be subject to the terms and provisions of this Declaration. Failure to provide language in a lease that said lease is subject to the terms and provisions of this Declaration shall not relieve any tenant, assignee, subtenant or other Occupant under such lease of being subject to the terms and provisions of this Declaration.

3.3 No Waiver. Failure by any Owner to enforce any easement, covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter or of the right to enforce any other restriction.

3.4 Integration. This Declaration contains the entire and exclusive understanding and agreement between the parties relating to the matters contemplated hereby and all prior or contemporaneous negotiations, agreements, understandings, representations and statements, oral or written, are merged herein and shall be of no further force or effect.

3.5 Severability. If any provision of this Declaration is held to be invalid by a court of law, the invalidity of such provisions shall not affect the validity of the remaining provisions hereof and the same shall remain in full force and effect.

3.6 Governing Law. This Declaration shall be construed in accordance with the laws of the Commonwealth of Virginia.

3.7 Exhibits. Exhibits A and B as attached hereto, are hereby incorporated in this Declaration by this reference.

IN WITNESS WHEREOF, the undersigned has executed this Declaration of Covenants, Conditions, & Restrictions as of the day and year first above written.

SELLER:

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK

Name: _____
Title: _____
Date: _____

SIMON:

_____, ELC

By: _____
Name: _____
Title: _____
Date: _____

STATE OF NEW JERSEY, COUNTY OF ESSEX:

Before me on this day personally appeared _____
of _____, LLC, known to me to be the person whose name is
subscribed to the foregoing instrument, and acknowledged to me that (s)he executed said instrument for
the purposes and consideration therein expressed, and as the act of the limited liability company.

Dated this _____ day of _____, 2014.

Notary Public
My commission expires:

COMMONWEALTH OF VIRGINIA, CITY OF NORFOLK, to-wit:

Before me on this day personally appeared _____,
of the Economic Development Authority of the City of Norfolk known to me to be the person whose
name is subscribed to the foregoing instrument; and acknowledged to me that he/she executed said
instrument for the purposes and consideration therein expressed, and as the act of the said Authority.

Dated this _____ day of _____, 2014.

Notary Public
My commission expires:

EXHIBIT A
(Outlet Parcel)

EXHIBIT B
(Seller's Retained Lands)

EXHIBIT C

EARNEST MONEY ESCROW AGREEMENT

THIS EARNEST MONEY ESCROW AGREEMENT (this "Agreement") is entered into as of November __, 2013, by and among SIMON ACQUISITION II, LLC (the "Purchaser"); and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK (the "Seller"), and CHICAGO TITLE INSURANCE CO., INC. ("Escrow Agent").

RECITALS

A. Seller and Purchaser have entered into an Agreement for Purchase and Sale dated as of the Effective Date defined therein ("Purchase Agreement"), pursuant to which Seller has agreed to sell to Purchaser the real estate described in the Purchase Agreement.

B. Purchaser has agreed to deliver an earnest money deposit into escrow with Escrow Agent the sum of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00) (including all interest accrued thereon, the "Earnest Money"), to be held, invested and disbursed by Escrow Agent in accordance with the terms and conditions of this Agreement (hereinafter the Earnest Money is referred to as the "Fund").

NOW THEREFORE, in consideration of the foregoing and in consideration of the mutual covenants of the parties herein contained, the parties agree as follows:

1. Definitions. Capitalized terms used but not defined in this Agreement, and which are defined in the Purchase Agreement, shall have the same meanings for purposes of this Agreement as set forth in the Purchase Agreement.

2. Acknowledgment of Receipt. By executing and returning a counterpart of this Agreement to each of Purchaser and Seller, Escrow Agent acknowledges receipt of the Initial Earnest Money from Purchaser.

3. Administration and Investment of Fund. Escrow Agent hereby agrees to hold, administer and disburse the Fund pursuant to this Agreement. Escrow Agent, in accordance with written instructions to it from time to time from Purchaser, shall invest, and from time to time reinvest, the Fund as so instructed by Purchaser, in United States securities, including Treasury Bills and United States Government guaranteed obligations; money market funds, certificates of deposit, time or demand deposits or any other investment vehicles approved in writing by Seller.

4. Termination by Purchaser on or before Expiration of Feasibility Period. In accordance with the Purchase Agreement, Purchaser may, for any reason whatsoever at its sole option, elect to terminate the Purchase Agreement by delivery of timely written notice thereof to Seller and the Escrow Agent on or before the end of the Initial Feasibility Period or Extended Feasibility Period. In the event such termination occurs prior to the expiration of the Initial Feasibility Period, Escrow Agent shall pay the entire Earnest Money to Purchaser not later than

five (5) Business Days (or such longer time as may be required to liquidate the investment of the Earnest Money) following receipt of a copy of such notice of termination from Purchaser and this Agreement shall thereupon be null and void and the parties hereto shall have no further liability or obligations hereunder. If the Purchase Agreement is terminated after the expiration of the Initial Feasibility Period for reasons other than Seller's breach and failure to close, then the Earnest Money shall be disbursed to Seller not later than five (5) Business Days (or such longer time as may be required to liquidate the investment of the Earnest Money) following receipt of a copy of such notice of termination from Purchaser or from Seller and this Agreement shall thereupon be null and void and the parties hereto shall have no further liability or obligations hereunder. No notice or consent to Escrow Agent from Seller shall be required for the release of the Initial Earnest Money to Purchaser by Escrow Agent during the Initial Feasibility Period as set forth above, provided that a copy of the aforementioned notice of Purchaser's election to terminate is received by Escrow Agent, indicating that a copy thereof has been concurrently delivered to Seller, on or before ONE HUNDRED AND EIGHTY (180) days from the Effective Date (the "Initial Feasibility Period Expiration Date"). Further, in such event, provided that such notice of termination has been timely delivered prior to the Initial Feasibility Period Expiration Date in accordance with the express notice provisions of the Purchase Agreement, the Earnest Money shall and must be released and delivered to Purchaser from Escrow Agent upon Escrow Agent's receipt of notice as set forth in this Section 4, regardless of any objection made or action taken by Seller, and Seller hereby waives all of its rights, in law and equity, to bring any action against or make any objection to, Escrow Agent which would have the effect of delaying, preventing, or in any way interrupting this Section 4. The parties hereby further agree that, provided that such notice of termination has been timely delivered prior to the Initial Feasibility Period Expiration Date in accordance with the express notice provisions of the Purchase Agreement, no such objection or action of Seller, or any other term in this Agreement, shall be construed to delay, prevent, or in any way interrupt, Escrow Agent from delivering the Earnest Money to Purchaser within five (5) Business Days (or such longer time as may be required to liquidate any investments of the Fund) following receipt of notice to Escrow Agent to do so by Purchaser as provided in this Section 4.

5. [INTENTIONALLY OMITTED]

6. Termination by Seller to Purchaser.

A. At any time after the Initial Feasibility Period Expiration Date, upon not less than five (5) Business Days' prior written notice executed by Seller and delivered to both Purchaser and Escrow Agent in accordance with Section 10 hereof, asserting that (i) Purchaser has breached or otherwise defaulted and failed to perform its obligations under the Purchase Agreement, and (ii) Seller is entitled to retain the Fund on account thereof, as provided in the Purchase Agreement, Escrow Agent shall deliver the Fund to Seller; provided, however, that if Purchaser shall, within said five (5) Business Day period, deliver to Seller and Escrow Agent a written notice that it disputes Seller's claim to the Fund, Escrow Agent shall retain the Fund until it receives written instructions executed by both Seller and Purchaser as to the disposition and disbursement of the Fund, or until ordered by final court order, decree or judgment, which has not been appealed, to deliver the Fund to a particular party, in which event the Fund shall be delivered in accordance with such notice, instruction, order, decree or judgment.

B. At any time after the Initial Feasibility Period Expiration Date, upon not less than five (5) Business Days' prior written notice executed by Purchaser and delivered to both Seller and Escrow Agent in accordance with Section 10 hereof, asserting that Purchaser is entitled to the Fund Purchaser; provided, however, that if Seller shall, within said five (5) Business Day period, deliver to Purchaser and Escrow Agent a written notice that it disputes Purchaser's claim or right to receive back the Fund, Escrow Agent shall retain the Fund until it receives written instructions executed by both Seller and Purchaser as to the disposition and disbursement of the Fund, or until ordered by final court order, decree or judgment, which has not been appealed, to deliver the Fund to a particular party, in which event the Fund shall be delivered in accordance with such notice, instruction, order, decree or judgment.

C. If the events set forth in either Section 6A or 6B shall occur Purchaser's or Seller's notice to Escrow Agent shall include a statement on which Escrow Agent may rely, that Purchaser or Seller has notified the other party that the requesting party is entitled to the Fund. However, upon receipt by Escrow Agent of a notice from Seller or Purchaser, as the case may be, claiming the Earnest Money, Escrow Agent shall immediately forward a copy of such notice to the other party.

7. Disbursement at Closing. Subject to Sections 4, 5 and 6 hereof, Escrow Agent shall, at Closing, deliver the Fund as directed by Purchaser.

8. Escrow Agent.

A. Escrow Agent shall hold possession of and solely keep all of the Fund, subject to the terms and conditions of this Agreement, and shall deliver and dispose of the same according to the terms and conditions hereof, and shall deal with the parties hereto in relation to the sums so escrowed fairly and impartially according to the intent of the parties as herein expressed, provided however that Escrow Agent is to be considered as a depository only, shall not be deemed to be a party to any document other than this Agreement, and shall not be responsible or liable in any manner whatsoever for the sufficiency, manner of execution, or validity of any written instructions, certificates or any other documents received by it, nor as to the identity, authority or rights of any persons executing the same. Escrow Agent shall be entitled to rely at all times on instructions given by Seller and or Purchaser, as the case may be and as required hereunder, without any necessity of verifying the authority therefore.

B. Escrow Agent shall not at any time be held liable for actions taken or omitted to be taken in good faith and without gross negligence. Seller and Purchaser agree to save and hold Escrow Agent harmless from any loss and from any claims or demands arising out of its actions hereunder and hereby agree to indemnify Escrow Agent from any claims or demands for losses arising out of its activities hereunder.

C. It is further understood by Seller and Purchaser that if, as the result of any disagreement between them or adverse demands and claims being made by any of them upon Escrow Agent, or if Escrow Agent otherwise shall become involved in litigation with respect to this Agreement or the Purchase Agreement, such parties agree that they, jointly and severally, are and shall be liable to Escrow Agent and shall reimburse Escrow Agent on demand for all costs, expenses and counsel fees it shall incur or be compelled to pay by reason of such

litigation, including reasonable compensation to Escrow Agent for time expended in connection with any such dispute or litigation. Seller and Purchaser agree among themselves that each shall be responsible to advance one-half of all amounts due Escrow Agent hereunder, including any fee charged by Escrow Agent for its services as set forth in this Agreement, provided that no such advance by Seller or Purchaser as the result of any dispute or litigation between them shall be without prejudice to their right to recover such amount as damages from the breaching party.

D. In taking or omitting to take any action whatsoever hereunder, Escrow Agent shall be protected in relying upon any notice, paper, or other document believed by it to be genuine, or upon evidence deemed by it to be sufficient, and in no event shall Escrow Agent be liable hereunder for any act performed or omitted to be performed by it hereunder in the absence of gross negligence or bad faith. Escrow Agent may consult with counsel in connection with its duties hereunder and shall be fully protected in any act taken, suffered or permitted by it in good faith and without gross negligence in accordance with the advice of such counsel.

E. In the event of conflicting instructions to Escrow Agent, Escrow Agent shall be obligated to perform such obligations and duties only pursuant to the joint written Fax instructions of Seller and Purchaser (or their respective counsel) or an order of a court of competent jurisdiction, and no implied duties or obligations shall be binding upon Escrow Agent.

F. In the event of conflicting instructions to Escrow Agent, or if Escrow Agent is named or joined in any lawsuit relating to the Escrow Agreement, the Purchase Agreement, or the Fund, Escrow Agent is hereby additionally authorized and empowered, at Escrow Agent's option, to deliver the Fund in interpleader to the Clerk of the Circuit Court of the City of Norfolk, Virginia, whereupon Escrow Agent shall be released from any further obligations or liabilities.

9. Term of Agreement. The term of this Agreement shall be from and after the date of this Agreement as hereinafter set forth to and including the earliest to occur of (i) any of the events set forth in Sections 4, 5 and 6 hereof; (ii) the termination or cancellation of the Purchase Agreement in accordance with its terms; or (iii) the termination of this Agreement by written agreement of both Purchaser and Seller.

10. Notices. All notices, demands, requests or other communications which may or shall be given or served by any party to this Agreement upon any other parties to this Agreement, shall be in writing and shall be deemed properly served when delivered, (a) if delivered by hand to the party to whose attention it is directed, (b) if mailed postage prepaid, by registered or certified mail, return receipt requested, or (c) if sent by private receipt courier guaranteeing next day delivery, delivery charges prepaid, or (d) if transmitted by facsimile transmission, provided receipt of the notice is confirmed, orally or in writing by a representative of Seller or Purchaser, as the case may be, addressed to the following:

A. If intended for Seller, to:

c/o City of Norfolk -- Department of Development
500 East Main St., Suite 1500
Norfolk, VA 23510
Attn: Steven J. Anderson, Executive Director

B. If intended for Purchaser, to:

c/o Premium Outlets | SIMON
105 Eisenhower Parkway
Roseland, New Jersey 07068
Attn: Darryl Guglis, Deputy General Counsel
Fax: (973) 228-7148

C. If to Escrow Agent:

Chicago Title Insurance Company
711 Third Avenue
Suite 500
New York, NY 10017
Attention: Vin De Pina, Senior Vice-President and Counsel
Fax: (212) 880-9619

All parties shall have the right from time to time to designate by written notice to all other parties any other address or place where such notice, demand, or request shall be addressed.

10. Miscellaneous.

A. This Agreement shall be binding upon and insure to the benefit of the parties hereto and their respective heirs, executors, administrators, representatives, successors and assigns.

B. This Agreement shall be construed under and governed by the laws of the State of Ohio and; in the event that any provision hereof shall be deemed illegal or unenforceable, said provision shall be severed herefrom and the remainder of this Agreement shall be enforced in accordance with the intent of the parties as herein expressed.

C. This Agreement may not be amended or altered except by an instrument in writing executed by all the parties hereto.

D. This Agreement may be executed in any number of counterparts and by each party on separate counterparts, and all such counterparts shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

PURCHASER:

SIMON ACQUISITION II, LLC

By: _____
Name: _____
Title: _____

SELLER:

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK

By: _____
Name: _____
Title: _____

ESCROW AGENT

CHICAGO TITLE INSURANCE CO., INC

By: _____
Vin De Fina
Senior Vice President and Counsel

EXHIBIT D

LIST OF INFRASTRUCTURE TO BE INSTALLED

- I. On-Site Infrastructure
 - A. Pump Station / Force Main for sanitary sewer
- II. Off-Site Infrastructure
 - A. Pump Station / Force Main for sanitary sewer
 - B. Regional stormwater retention pond
 - C. New road connecting Northampton Boulevard to Miller Store Road (including standard appurtenances with road design)
 - D. Access road over sanitary sewer force main
 - E. Improvements to Northampton Boulevard (including traffic signal)
 - F. Oversizing of utilities (power, gas, telephone and cable television) to accommodate any project(s) other than the outlet center

**AMENDMENT NO. 1 TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013**

THIS AMENDMENT NO. 1 ("Amendment No. 1") dated as of February 7, 2014, by and between SIMON ACQUISITION II, LLC, a Delaware limited liability company, or its designee ("Purchaser") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK ("Seller").

WHEREAS, Seller and Purchaser entered into a Real Estate Purchase Agreement dated November 12, 2013 (the "Purchase Agreement"); and

WHEREAS, Seller and Purchaser desire to amend the Purchase Agreement as hereinafter set forth;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration the parties hereto do hereby agree to amend the Purchase Agreement as follows:

1. Capitalized terms used herein unless otherwise defined herein shall have the meaning given to them in the Purchase Agreement.
2. In Section 2.1.B, in the first line, change "90" to "120".
3. Except as modified hereby, the Purchase Agreement is hereby ratified and confirmed in all respects.
4. This Amendment No. 1 may be executed in any number of counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. In producing this Amendment, it shall not be necessary to produce or account for more than one such counterpart signed by the person against whom enforcement is sought.

5. This Amendment No. 1 may be executed in counterpart and delivered by exchange of facsimile copies showing the signatures of Purchaser and Seller and those signatures of Purchaser and Seller will constitute originally signed copies of the same agreement requiring no further execution.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

AMENDMENT NO. 1
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE

WITNESS the signature of the undersigned as of the 7th day of February, 2014 to
Amendment No. 1 to Real Estate Purchase Agreement by and between SIMON ACQUISITION
II, LLC, a Delaware limited liability company, or its designee and the ECONOMIC
DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

PURCHASER:

SIMON ACQUISITION II, LLC

By: 

Name: Mark J. Silvestri

Title: Vice President

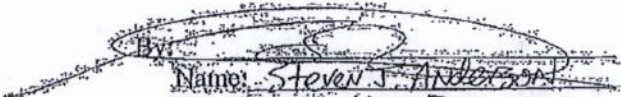
AMENDMENT NO. 1
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE

WITNESS the signature of the undersigned as of the 7th day of February, 2014 to
Amendment No. 1 to Real Estate Purchase Agreement by and between SIMON ACQUISITION
II, LLC, a Delaware limited liability company, or its designee and the ECONOMIC
DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

SELLER:

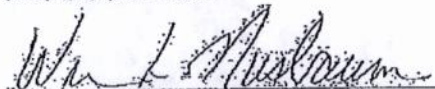
ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK

By: 
Name: Steven J. Anderson
Title: Executive Director

APPROVED AS TO CONTENT:


Executive Director
Economic Development Authority
of the City of Norfolk

APPROVED AS TO FORM AND
CORRECTNESS:


Counsel to the Economic Development
Authority of the City of Norfolk

AMENDMENT NO. 2
TO
REAL ESTATE PURCHASE AGREEMENT

THIS AMENDMENT NO. 2 to a Real Estate Purchase Agreement dated November 12, 2013 (the "Agreement"), is made and entered into this 30th day of April, 2014, by and between the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK**, a political subdivision of the Commonwealth of Virginia ("Seller") and **SIMON ACQUISITION II, LLC**, a Delaware limited liability company, or its designee ("Purchaser").

WHEREAS, Seller and Purchaser previously entered into the Agreement, and then amended it by the execution and delivery of Amendment No. 1 thereto, dated February 7, 2014, and now wish to further modify certain provisions in the Agreement by this Amendment No. 2;

NOW, THEREFORE, WITNESSETH:

1. Capitalized terms used herein unless otherwise defined herein shall have the meaning given to them in the Agreement.

2. Section 1.1 is hereby amended to delete, in its fifth (5th) and eighth (8th) sentences, "Wesleyan Drive Extended" and insert "the Project Connector".

3. Section 2.1.B is hereby amended to delete, in its first sentence, "120 days" and insert "seven (7) months", with the effect of extending the Option Exercise Date to June 12, 2014.

4. Section 3.1 is hereby amended to delete, in its first (1st) sentence, "180 days thereafter" and insert "on January 31, 2015".

5. Section 3.3 is hereby amended and restated as follows:

(a) Extension of Feasibility Period. Purchaser shall have the right and option in its sole and absolute discretion to extend the Feasibility Period to allow for one (1) additional period of ninety (90) days (the "Extension") to secure all required governmental approvals, permits, zoning amendments, environmental entitlements and other entitlements necessary for its intended use of the Property. The Extension shall be exercised by Purchaser giving Seller no less than five (5) days' advance written notice and depositing an additional FIFTY THOUSAND and no/100 Dollars (\$50,000.00) of additional Earnest Money (the "Additional Earnest Money") into escrow. The Additional Earnest Money shall be non-refundable except in the case of Seller's breach, or if Purchaser terminates this Agreement because of the non-satisfaction of any of the conditions set forth in Section 12.1, but shall be applicable to the Purchase Price. The Feasibility Period, including the Extension, is referred to as the "Feasibility Period."

6. Section 6.1 is hereby amended (a) to delete, in its first (1st) line, "sixty (60)" and insert "ninety (90)"; and (b) to delete, in line 14, "ten (10)" and insert "seventy-five (75)", with the effect of extending Seller's deadline to give notice to Purchaser of whether Seller elects to cure Purchaser's Title Objections from February 10, 2014 to April 16, 2014.

7. Section 6.2 is hereby amended to delete, in its fourth (4th) line, "five (5)" and insert "forty-five (45)".

8. Section 7.2 is hereby amended to delete, in its second (2nd) line, "Due Diligence" and insert "Feasibility".

9. Section 8.1.K.(i) is hereby amended to delete, in its first (1st) sentence, "350,000" and insert "450,000".

10. Section 8.1.O. is hereby amended to delete, in its first (1st) sentence, "extension of Wesleyan Drive from Northampton Boulevard to Miller Store Road" and insert "construction of the Project Connector from Northampton Boulevard to the Project". Anything in Section 8.1.O. to the contrary notwithstanding, the Roadway Installation Agreement may be integrated into the Infrastructure Agreement, in which event references in the Agreement to the Roadway Installation Agreement shall be construed to refer to the Infrastructure Agreement. The parties acknowledge that there may be a separate agreement between the City of Virginia Beach and the Seller regarding infrastructure and its cost.

11. Section 9.3.H. is hereby amended by inserting a period in the third (3rd) line after "property" and deleting the remainder of the paragraph.

12. Intentionally Omitted.

13. Intentionally Omitted.

14. Exhibit D is amended to amend and restate (a) Item II.A. to read "Miller Store Road Pump Station #42 / Force Main, for sanitary sewer line to connect to Pump Station referenced in Item I.A., above"; (b) Item II.C. to read "Project Connector new road to connect Northampton Boulevard to the Project and new road to connect Miller Store Road to the rear of the Project (including standard appurtenances with road design)";

15. Except as modified heretofore and hereby, the Agreement is hereby ratified and confirmed in all respects.

16. This Amendment No. 2 may be executed in any number of counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. In producing this Amendment No. 2, it shall not be necessary to produce or account for more than one such counterpart signed by the person against whom enforcement is sought.

17. This Amendment No. 2 may be delivered by the exchange of electronically transmitted copies (either by facsimile or .pdf files) showing the signatures of Purchaser and Seller and those signatures of Purchaser and Seller will constitute originally signed copies of the same instrument, requiring no further execution.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

AMENDMENT NO. 2
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE FOR PURCHASER

WITNESS the signature of the undersigned as of the 30th day of April, 2014, to Amendment No. 2 to Real Estate Purchase Agreement by and between SIMON ACQUISITION II, LLC, or its designee, and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

PURCHASER:

SIMON ACQUISITION II, LLC

By: 

Name: Mark J. Silvestri

Title: Vice President

[COUNTERPART SIGNATURE PAGE FOR SELLER FOLLOWS]

**AMENDMENT NO. 2
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013**

COUNTERPART SIGNATURE PAGE FOR SELLER

WITNESS the signature of the undersigned as of the 30th day of April, 2014, to Amendment No. 2 to Real Estate Purchase Agreement by and between SIMON ACQUISITION II, LLC, or its designee, and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

SELLER:

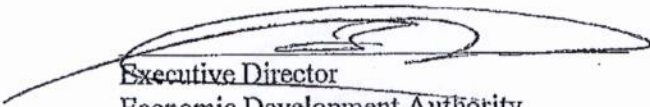
ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK

By: 


Name: Steven Anderson

Title: Executive Director

APPROVED AS TO CONTENT:


Executive Director
Economic Development Authority
of the City of Norfolk

**APPROVED AS TO FORM AND
CORRECTNESS:**


Counsel to the Economic Development
Authority of the City of Norfolk

AMENDMENT NO. 3
TO
REAL ESTATE PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 to a Real Estate Purchase Agreement dated November 12, 2013 (the "Agreement"), is made and entered into this 5th day of June, 2014, by and between the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK, a political subdivision of the Commonwealth of Virginia ("Seller") and SIMON ACQUISITION II, LLC, a Delaware limited liability company, or its designee ("Purchaser").

WHEREAS, Seller and Purchaser previously entered into the Agreement, and then amended it by the execution and delivery of Amendment No. 1 thereto, dated February 7, 2014, as amended by that certain Amendment No. 2 dated April 30, 2014, and now wish to further modify certain provisions in the Agreement by this Amendment No. 3;

NOW, THEREFORE, WITNESSETH:

1. Capitalized terms used herein unless otherwise defined herein shall have the meaning given to them in the Agreement.

2. Section 2.1.B is hereby amended to ~~delete~~ in its first sentence, "seven (7) months" and insert "eight (8) months", with the effect of extending the Option Exercise Date to July 12, 2014.

3. Except as modified heretofore and hereby, the Agreement is hereby ratified and confirmed in all respects.

4. This Amendment No. 3 may be executed in any number of counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. In producing this Amendment No. 3, it shall not be necessary to produce or account for more than one such counterpart signed by the person against whom enforcement is sought.

5. This Amendment No. 3 may be delivered by the exchange of electronically transmitted copies (either by facsimile or .pdf files) showing the signatures of Purchaser and Seller and those signatures of Purchaser and Seller will constitute originally signed copies of the same instrument, requiring no further execution.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

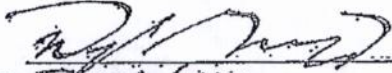
AMENDMENT NO. 3
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE FOR PURCHASER

WITNESS the signature of the undersigned as of the 5th day of June, 2014, to Amendment No. 3 to Real Estate Purchase Agreement by and between SIMON ACQUISITION II, LLC, or its designee, and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

PURCHASER:

SIMON ACQUISITION II, LLC

By: 
Name: David Goggin
Title: VP, Deputy General Counsel & Assistant Secretary

[COUNTERPART SIGNATURE PAGE FOR SELLER FOLLOWS]

AMENDMENT NO. 3
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE FOR SELLER

WITNESS the signature of the undersigned as of the 5th day of June, 2014, to Amendment No. 3 to Real Estate Purchase Agreement by and between SIMON ACQUISITION II, LLC, or its designee, and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

SELLER:

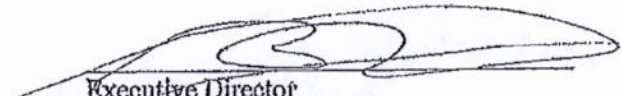
ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK

By: 

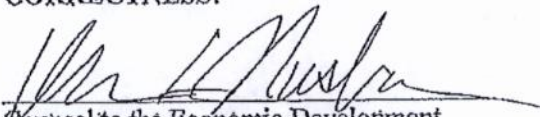
Name: Steven Anderson

Title: Executive Director

APPROVED AS TO CONTENT:


Executive Director
Economic Development Authority
of the City of Norfolk

APPROVED AS TO FORM AND
CORRECTNESS:


Counsel to the Economic Development
Authority of the City of Norfolk

AMENDMENT NO. 4
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE FOR PURCHASER

WITNESS the signature of the undersigned as of the 1st day of July, 2014, to Amendment No. 4 to Real Estate Purchase Agreement by and between SIMON ACQUISITION II, LLC, or its designee, and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

PURCHASER:

SIMON ACQUISITION II, LLC

By:

Name: Mark J. Silver

Title: Vice President

[COUNTERPART SIGNATURE PAGE FOR SELLER FOLLOWS]

AMENDMENT NO. 4
TO REAL ESTATE PURCHASE AGREEMENT
DATED AS OF NOVEMBER 12, 2013

COUNTERPART SIGNATURE PAGE FOR SELLER

WITNESS the signature of the undersigned as of the 1st day of July, 2014, to Amendment No. 4 to Real Estate Purchase Agreement by and between SIMON ACQUISITION II, LLC, or its designee, and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK.

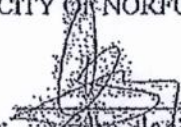
SELLER:

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF NORFOLK

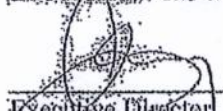
By:

Name:

Title:


Charles E. Ruggieri, Sr.
Executive Director

APPROVED AS TO CONTENT:


Executive Director
Economic Development Authority
of the City of Norfolk

APPROVED AS TO FORM AND
CORRECTNESS:

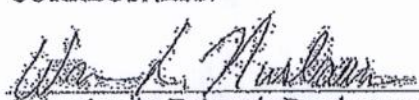

Counsel to the Economic Development
Authority of the City of Norfolk

Exhibit "B"
Grant Agreement

(See attached Grant Agreement.)

GRANT AGREEMENT

THIS GRANT AGREEMENT (this "Agreement") is made as of the ____ day of _____, 2014, between the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF NORFOLK, a duly organized and existing political subdivision of the Commonwealth of Virginia (the "AUTHORITY"), and SIMON ACQUISITION II, LLC, a Delaware limited liability company or its designee (the "GRANTEE").

WITNESSETH:

WHEREAS, in 2013, the GRANTEE approached the AUTHORITY and the City of Norfolk (the "City") concerning the possibility of opening a Simon Premium Outlet Mall on the property known as Lake Wright Golf Course in the City of Norfolk, Virginia;

WHEREAS, the proposed Norfolk Premium Outlet Mall, has been found by both the AUTHORITY and the City Council of the City (the "City Council") to constitute a significant economic development opportunity for the City, a positive factor in achieving the objectives of the City, and worthy of inducement, as set forth in the resolutions previously adopted by the AUTHORITY and actions taken by the City Council approving the terms herein; and

WHEREAS, the AUTHORITY and the GRANTEE have entered into a Real Estate Purchase Agreement dated as of November 12, 2013, as amended to date (the "Purchase Agreement"), for the purchase and sale of 54 acres, more or less, of the Lake Wright Golf Course site (the "Property");

WHEREAS, the Purchase Agreement provides that the AUTHORITY and the GRANTEE will enter into a certain Infrastructure Agreement dated the date hereof (the "Infrastructure Agreement"), pursuant to which the construction of the Infrastructure Improvements (as defined in the Infrastructure Agreement) will be contracted for and coordinated by the GRANTEE and completed consistent with the schedule for the Project (as defined in the Purchase Agreement);

WHEREAS, subject to annual appropriation, the City, through the AUTHORITY, will pay or reimburse GRANTEE for the Infrastructure Improvements Work Cost (as defined in the Infrastructure Agreement) up to the amount of the Infrastructure Improvements Work Cost Ceiling (as defined in the Infrastructure Agreement) in accordance with the provisions of Section 3 of the Infrastructure Agreement and the terms of this Agreement.

NOW, THEREFORE, WITNESSETH:

I. Definitions

The following capitalized terms shall have the meanings set forth unless the context clearly requires otherwise:

1.1 "Development" means the "Norfolk Premium Outlet Mall," a 350,000 square foot gross leasable area (GLA) shopping center to be constructed, equipped and operated by the

GRANTEE and located on the Property, which shopping center may be expanded to 450,000 sq. ft. (GLA).

1.2 "Grant" means the sums, including interest as provided herein, to be transferred to the GRANTEE, as an inducement for the GRANTEE to complete the Development, pursuant to the terms of this Agreement.

1.3 "GRANTEE's Costs of Development" means the costs borne by GRANTEE in designing, constructing and equipping the Development, including direct construction costs, costs of architectural and engineering consultants, costs of construction management fees (but only if such construction management fees are paid to a third party not related to GRANTEE), and costs of equipment and fixtures necessary to the Development in connection with the completion of the Development, reduced by any and all contributions, payments or other consideration received from third parties (including the City and the AUTHORITY) on account of such construction.

1.4 "Maximum Aggregate Principal Amount of the Grant" shall, subject to Section 2.2, be an amount equal to the difference between (i) the lesser of (w) the Infrastructure Improvements Work Cost (as defined in the Infrastructure Agreement) or (x) the Infrastructure Improvements Work Cost Ceiling (as defined in the Infrastructure Agreement), subject to adjustment as provided in the Infrastructure Agreement, minus (ii) the sum of (y) the AUTHORITY's net sales proceeds from the GRANTEE's purchase of the Property pursuant to the Purchase Agreement and (z) the funds received as of Closing by the AUTHORITY from the Wastewater Utility Fund of the City of Norfolk (collectively, the "Pre-Funded Amount").

1.5 "Year" means the calendar year beginning January 1 and ending December 31.

II. The Grant

2.1 The Grant. Subject to the conditions and limits set forth below, the AUTHORITY will grant to GRANTEE a sum of money each year during the term of the Grant, subject to annual appropriation and transfer of funds to the AUTHORITY by the City, predicated upon the performance-based formula set forth in Section 2.3 below resulting from the construction and operation of the Development.

2.2 Maximum Aggregate Principal Amount of the Grant; Interest Accrual. Subject to Section 1.4, the Maximum Aggregate Principal Amount of the Grant shall not exceed \$~~5,000,000~~. As a part of the Grant, interest shall accrue on the unpaid balance of the Maximum Aggregate Principal Amount of the Grant at four percent (4%) per annum thereon from the date of Closing until the Maximum Aggregate Principal Amount of the Grant has been paid in full.

2.3 Annual Grant Payment. The annual grant payment, subject to the Maximum Aggregate Principal Amount of the Grant, shall be calculated by multiplying (i) 100% of the assessed value of the Development for the preceding fiscal year for which an annual payment will be made by (ii) 1.15%, and adding to such product the amount of interest which shall have accrued and remains unpaid since the later of the Closing or the most recent annual grant payment. If the assessment for that year has not been established by the real estate assessor by

July 1, the assessment for the most recent fiscal year for which an assessment has been made shall apply.

2.4 Term of the Grant. The term of the Grant shall commence upon completion of the Development, as evidenced by a final certificate of occupancy for the final building of the Development ("Certificate of Occupancy"), but not certificates of occupancy for each tenantable space issued by the City. Grant payments shall commence as provided below, following the end of the year of occupancy of the Development, and continue until the Grant, including interest as provided herein, has been paid.

2.5 Prepayment. The AUTHORITY shall have the right to prepay the Grant at any time, in whole or in part, with accrued interest and without premium or penalty from other funds which may become available to it. Notwithstanding anything to the contrary in this Agreement, if the AUTHORITY receives proceeds from the sale of other portions of the Lake Wright Golf Course owned by the AUTHORITY prior to the payment of the Maximum Aggregate Principal Amount of the Grant together with all accrued but unpaid interest thereon, the AUTHORITY, within thirty (30) days of receiving the purchase price therefrom, shall apply the net sales proceeds it receives from such sale to the prepayment, in whole if such proceeds are sufficient, or else in part, of the outstanding balance of the Grant, with accrued interest, but without any prepayment premium or penalty.

2.6 Timing of Payment of Grant and Accrued Interest. Subject to the conditions set forth below, the annual Grant payment plus accrued interest at four percent (4%) per annum on the unpaid balance of the Grant shall commence in the year following the year in which the Development is completed as evidenced in Section 2.4 and continue each year thereafter and be payable not later than July 31 of each year. Notwithstanding anything in this Agreement to the contrary, in the event the Grant plus accrued but unpaid interest thereon as provided above is not paid in full by the sixth (6th) anniversary of the initial annual Grant payment, then in addition to the annual Grant payment for the seventh (7th) Year, the remaining outstanding balance of the Grant, including accrued but unpaid interest, shall be paid with the seventh (7th) annual installment; provided, however, if amounts sufficient to repay the Grant have not been appropriated by the City to the AUTHORITY, then annual Grant payments plus accrued interest shall continue until the Grant including accrued but unpaid interest shall have been paid in full.

III. Conditions of the Grant

The obligation of the AUTHORITY to disburse the Grant is subject to the satisfaction of the conditions set forth below.

3.1 Conditions to Initial Disbursement. The initial disbursement of the Grant shall be subject to the satisfaction of the following conditions:

A. The Certificate of Occupancy shall have been issued and at least 280,000 square feet (being eighty percent (80%) of 350,000 square feet) of the gross leasable area of the Development shall have opened for business.

B. GRANTEE's Costs of Development shall not be less than Seventy-five Million Dollars (\$75,000,000). GRANTEE shall have furnished to the AUTHORITY such

documentation as may be required by the AUTHORITY to establish to the reasonable satisfaction of the AUTHORITY that GRANTEE's Costs of Development exceeded Seventy-five Million Dollars (\$75,000,000).

C. The City Council of the City shall have appropriated funds for the initial Grant payment and delivered such funds to the AUTHORITY.

3.2 Conditions to Each Annual Grant Payment. Each disbursement of the Grant, including the initial disbursement, shall be subject to the satisfaction of the following conditions:

A. The real estate tax assessment(s) for the Development for the applicable fiscal year shall have been established, the GRANTEE shall have delivered to the real estate assessor all information required by law to be furnished to the assessor to establish the real estate tax assessment for the property comprising the Development. In the event the assessment has not been established by the real estate assessor for the applicable fiscal year, the assessment for the most recent fiscal year for which an assessment has been made shall apply.

B. The representations and warranties set forth below shall be true and correct as of the date of this Agreement, and shall continue to be true and correct at the time of the proposed disbursement of each Year's Grant payment.

C. The City Council shall have appropriated funds for the then current payment of the Grant and delivered such funds to the AUTHORITY.

IV. Representations and Warranties

GRANTEE represents and warrants to the AUTHORITY that:

4.1 Due Organization, Authority and Qualification. GRANTEE (a) is a duly organized and validly existing limited liability company organized and in good standing under the laws of the state of its formation and qualified to transact business in the Commonwealth of Virginia, and (b) has the power and authority to own its properties and other assets and to transact the business in which it is now engaged or proposes to engage.

4.2 Taxes. GRANTEE has filed and shall file all tax returns which are required to be filed and has paid all taxes (including interest and penalties) which have become due pursuant to such returns or pursuant to any assessment or notice of tax claim or deficiency received by it. All tax liabilities were adequately provided for at the end of the most recent fiscal year of GRANTEE. No material tax liability has been asserted by the Internal Revenue Service, the Commonwealth of Virginia, the City, or any other taxing authority for taxes (or interest or penalties thereon) in excess of those already paid.

4.3 Operating the Development. The Development shall be open for business and operating in a manner reasonably calculated to maximize sales by the tenants at the Development.

V. General Matters

5.1 AUTHORITY Obligations Subject to Appropriation; Exculpation.

A. All obligations of the AUTHORITY hereunder for the disbursement of the Grant and any other payments of money are subject to and expressly conditioned upon funds being appropriated for such purpose by the City Council, the amount of GRANTEE's grant payment being calculated and approved by the City, and the funds being delivered to the AUTHORITY, and shall not at any time constitute a legal obligation of the AUTHORITY for the disbursement of the Grant or the payment of money except to the extent so appropriated and delivered.

B. Neither the directors of the AUTHORITY nor any person executing this Agreement shall be liable personally thereon by reason of the execution and delivery hereof. This Agreement is not, and shall not be deemed to constitute, a general obligation of the Commonwealth of Virginia or any political subdivision thereof, including the AUTHORITY and the City, and neither the Commonwealth of Virginia nor any such political subdivision thereof shall be personally liable thereon, nor in any event shall this Agreement be payable out of funds or properties other than as set forth herein. This Agreement shall not constitute an indebtedness within the meaning of any municipal debt limitation or restriction.

C. No covenant, agreement or obligation contained in this Agreement shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the AUTHORITY in his or her individual capacity, and no such director, officer, employee or agent shall be subject to any liability under this Agreement or with respect to any other action taken by him or her.

5.2 Assignment. Prior to issuance of the Certificate of Occupancy and at least 280,000 square feet (being eighty percent (80%) of 350,000 square feet) of the gross leasable area of the Development shall have opened for business, GRANTEE may not assign its rights under this Grant Agreement, unless the AUTHORITY has provided GRANTEE with its prior written consent to such assignment, which consent may be withheld or conditioned in the AUTHORITY's sole discretion; provided, however, that GRANTEE may assign its rights under this Grant Agreement to an affiliate of GRANTEE or an entity under common control with GRANTEE. A change in the majority ownership or the control of GRANTEE shall be considered an assignment for the purposes of, and subject to, this Section. After an assignment to which the AUTHORITY has consented or is otherwise permitted hereby, the AUTHORITY may deal exclusively with the assignee named in such notice.

5.3 Waiver. The failure of the AUTHORITY or GRANTEE to insist upon strict performance of any of the terms or provisions of this Agreement or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy. No waiver by the AUTHORITY or GRANTEE of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and duly signed by the AUTHORITY or GRANTEE, as applicable.

5.4 Severability. If any clause or provision of this Agreement is or becomes illegal, invalid or unenforceable because of present or future laws or any rule or regulation of any governmental body or entity, then the remaining parts of this Agreement shall not be affected, unless such invalidity would create undue hardship to the AUTHORITY, or is essential to its rights, in which event the AUTHORITY has the right to terminate this Agreement on written notice to Grantee.

5.5 Licenses and Permits. It shall be the ultimate responsibility of GRANTEE at its expense to secure all licenses and permits required to be obtained by it with respect to construction, improvement, completion and occupancy of the Development.

5.6 Applicable Law; Venue. This Agreement shall be construed under and shall be governed by the laws of the Commonwealth of Virginia. In the event of litigation, venue shall be in the Circuit Court of the City of Norfolk.

5.7 Interpretation. For the purpose of construing this Agreement, unless the context indicates otherwise, words in the singular number shall be deemed to include words in the plural number and vice versa, words in one gender shall be deemed to include words in other genders, and the word "person" shall be deemed to include a corporation or partnership. Headings or Articles and Sections are inserted only for convenience and are not, and shall not be deemed a limitation on the scope of the particular Articles or Sections to which they refer.

5.8 Notices. All notices or other communications required or desired to be given with respect to this Agreement shall be in writing and shall be delivered by hand or by courier service, sent by registered or certified mail, return receipt requested, bearing adequate postage and properly addressed as provided below, or sent by overnight carrier such as Federal Express. Each notice given by mail shall be deemed to be given by the sender when received or refused by the party intended to receive such notice; each notice delivered by hand or by courier service shall be deemed to have been given and received when actually received by the party intended to receive such notice or when such party refuses to accept delivery of such notice. Upon a change of address by either party, such party shall give written notice of such change to the other party in accordance with the foregoing. Inability to deliver because of changed address or status of which no notice was given shall be deemed to be receipt of the notice sent, effective as of the date such notice would otherwise have been received.

If intended for AUTHORITY, to:
c/o City of Norfolk – Department of Development
500 East Main St., Suite 1500
Norfolk, VA 23510
Attn: Charles E. Rigney, Sr., Executive Director

with a copy to:

Williams Mullen
999 Waterside Drive, Suite 1700
Norfolk, VA 23510
Attn: William L. Nusbaum, Esq.

with a copy to:

City of Norfolk
810 Union Street, Suite 1100
Norfolk, Virginia 23510
Attn: Marcus D. Jones, City Manager

with a copy to:

City of Norfolk
810 Union Street, Suite 1100
Norfolk, Virginia 23510
Attn: Bernard A. Pishko, City Attorney

If intended for GRANTEE, to:
c/o Premium Outlets | SIMON
105 Eisenhower Parkway
Roseland, New Jersey 07068
Attn: Mark J. Silvestri, COO
Attn: Darryl Gugig, Deputy General Counsel

5.9 Non-Discriminatory Policies.

A. GRANTEE will not discriminate against any employee or applicant for employment because of the race, religion, color, sex or national origin of the employee or applicant for employment, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of GRANTEE. GRANTEE agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

B. GRANTEE, in all solicitations or advertisements for employees placed by or on behalf of GRANTEE, will state that GRANTEE is an equal opportunity employer.

C. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

5.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the Grant, supersedes all prior understandings and writings and may be amended or modified only by a writing signed by the AUTHORITY and GRANTEE.

WITNESS the following signatures to this Grant Agreement, thereunto duly authorized:

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF NORFOLK**

Date of execution:

_____, 2014

By:

Jerry B. Robertson, Chairman

SIMON ACQUISITION II, L.L.C.

Date of execution:

_____, 2014

By:

Name: _____

Title: _____

APPROVED AS TO CONTENTS:

Executive Director, Economic Development
Authority of the City of Norfolk

**APPROVED AS TO FORM
AND CORRECTNESS:**

Counsel to the Economic Development
Authority of the City of Norfolk

Exhibit "C"
Reimbursable EDA Transaction Costs

- Recording Charges
- Insurance Expenses (during the time of EDA ownership)
- Maintenance Expenses (during the time of EDA ownership, to the extent not paid by SLGC)
- Traffic Study
- Legal Fees of EDA Counsel
- Professionals' and Consultants' Fees and Costs (excluding salaries/fees paid to any employee of the EDA or of the City of Norfolk Department of Development and real estate commissions)